

Annual
Report

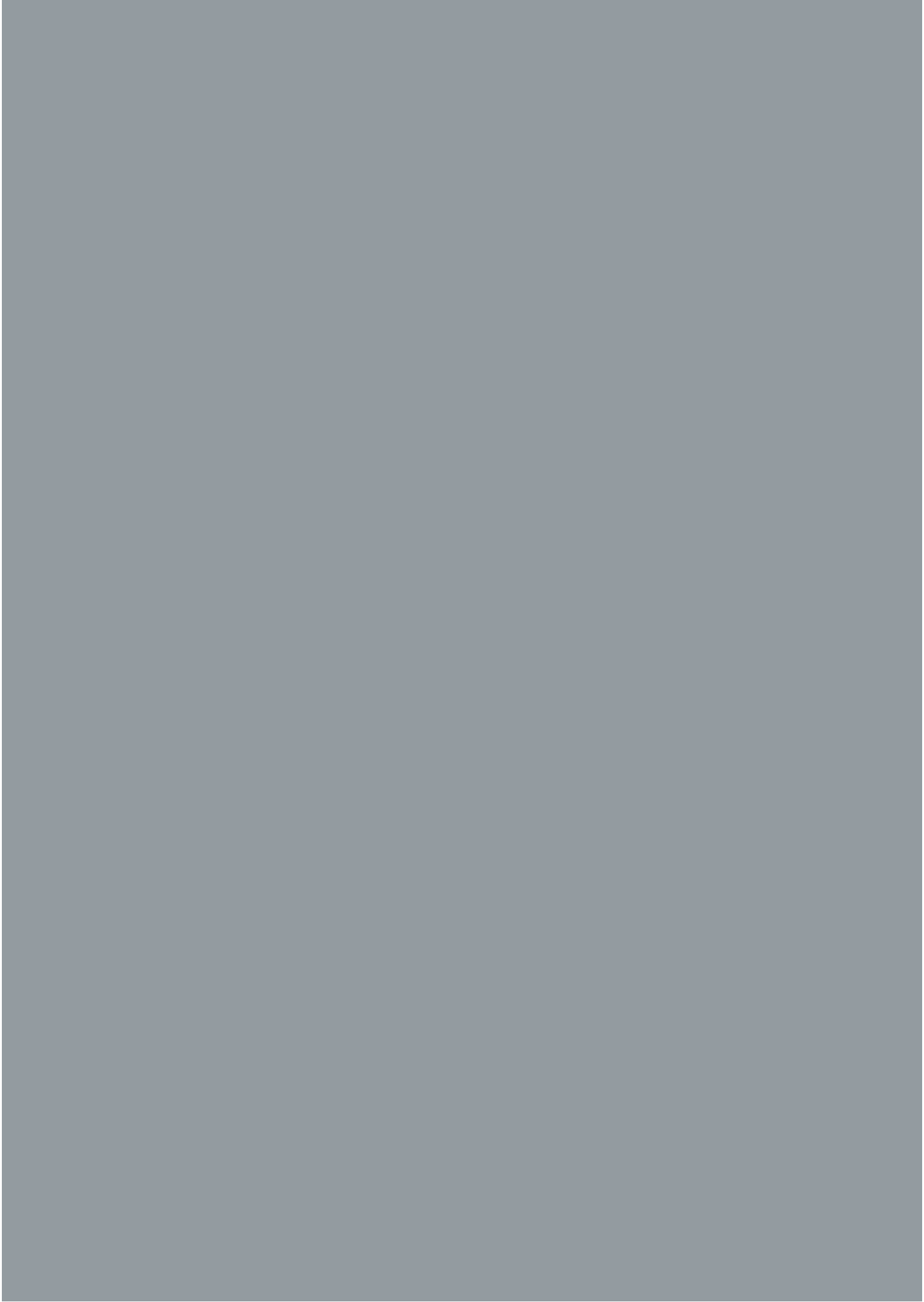
2015

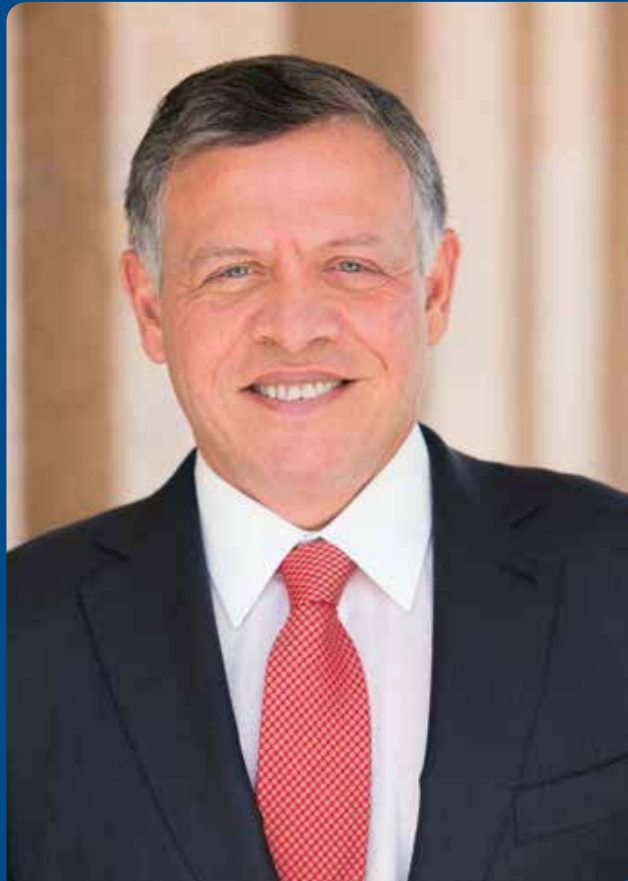
Capitalbank

كابيتال بنك

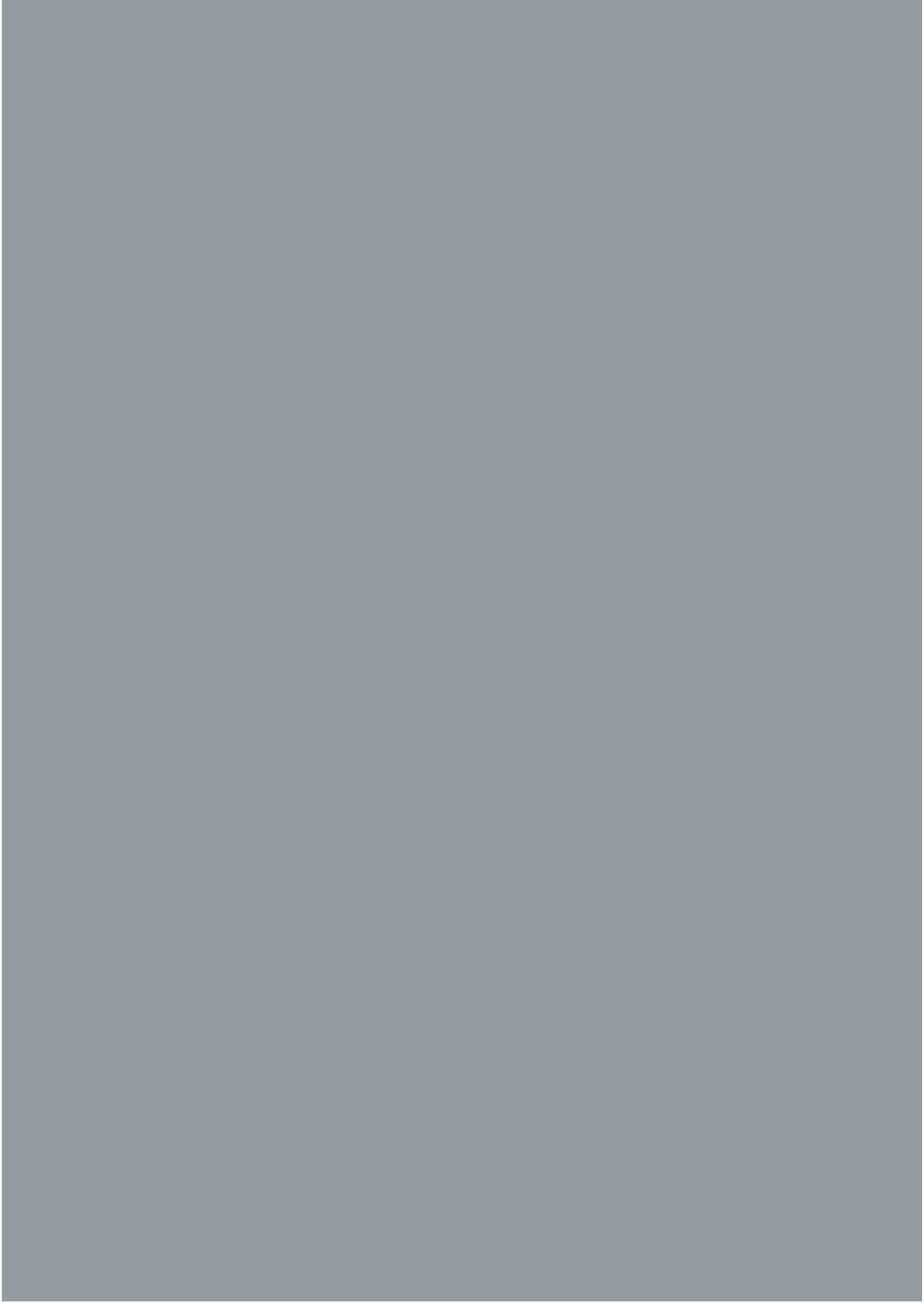
Partner with us

20
YEARS





His Majesty King Abdullah II Ibn Al Hussein





His Royal Highness Crown Prince Al Hussein Bin Abdullah II

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Ended 31 December 2015

Disclosures required by Jordan
Securities Commission



Members of the Board of Directors

2014

2015

Chairman of the Board of Directors
Mr. Bassem Khalil Salem Al-Salem

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Vice Chairman of the Board of Directors
Mr. Mazen Samih Taleb Darwazeh

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Members

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- **Mr. Kim Fuad Sa'd Abu Jaber**
- Investment & Integrated Industries Company, represented by:
Mr. Omar Mohamed Ibrahim Shahrour
- Social Security Corporation, represented by:
Mr. Issam Abdallah Yousef Al-Khatib
- Al-Khalil Investments, represented by:
Mr. Khalil Hatem Khalil Al-Salem
- Al-Jadara Company for Real Estate Investment, represented by:
Mr. Sultan Mohammed M. El-Seif
- Hotaf Investment Company, represented by:
Mr. "Mohammed Ali" Khaldoun Sati Al-Husry
- **Mr. Mazen Ahmed M. Al- Jubeir**
- **Mr. Jawad Abdel Reda Al-Kasab**
- **Mr. "Mohammed Said" Mohammed Ibrahim Shahin**

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- **Mr. Mazen Ahmed M. Al- Jubeir**
- **Mr. Jawad Abdel Reda Al-Kasab**
- **Mr. "Mohammed Said" Mohammed Ibrahim Shahin**
- **Mr. Omar Akram Omran Bitar**
- **Ms. Reem Haitham Jamil Goussous**

Our Vision

To become the leading financial institution in providing specialized services that are of high quality to distinguished clients from among companies and individuals within the inter-connected regional markets.

Our Mission

- To serve our clients, companies and individuals, through harnessing our rare presence in Jordan, Iraq and the United Arab Emirates all at once, in addition to expanding the scope of banking, commercial and investment services that we offer them, through providing excellent and specialized banking solutions, whether at the local or regional level. This is accomplished within the highest standards of banking activity, risk management and compliance monitoring.
 - Effectively contribute to achieving the sustainable growth and profitability of the group.
 - Invest in our human resources and create a positive environment that encourages teamwork, leadership, and excellence in performance.
 - Support the communities that we work with through bolstering economic growth, not to mention providing direct support to educational sectors and non-profit institutions.
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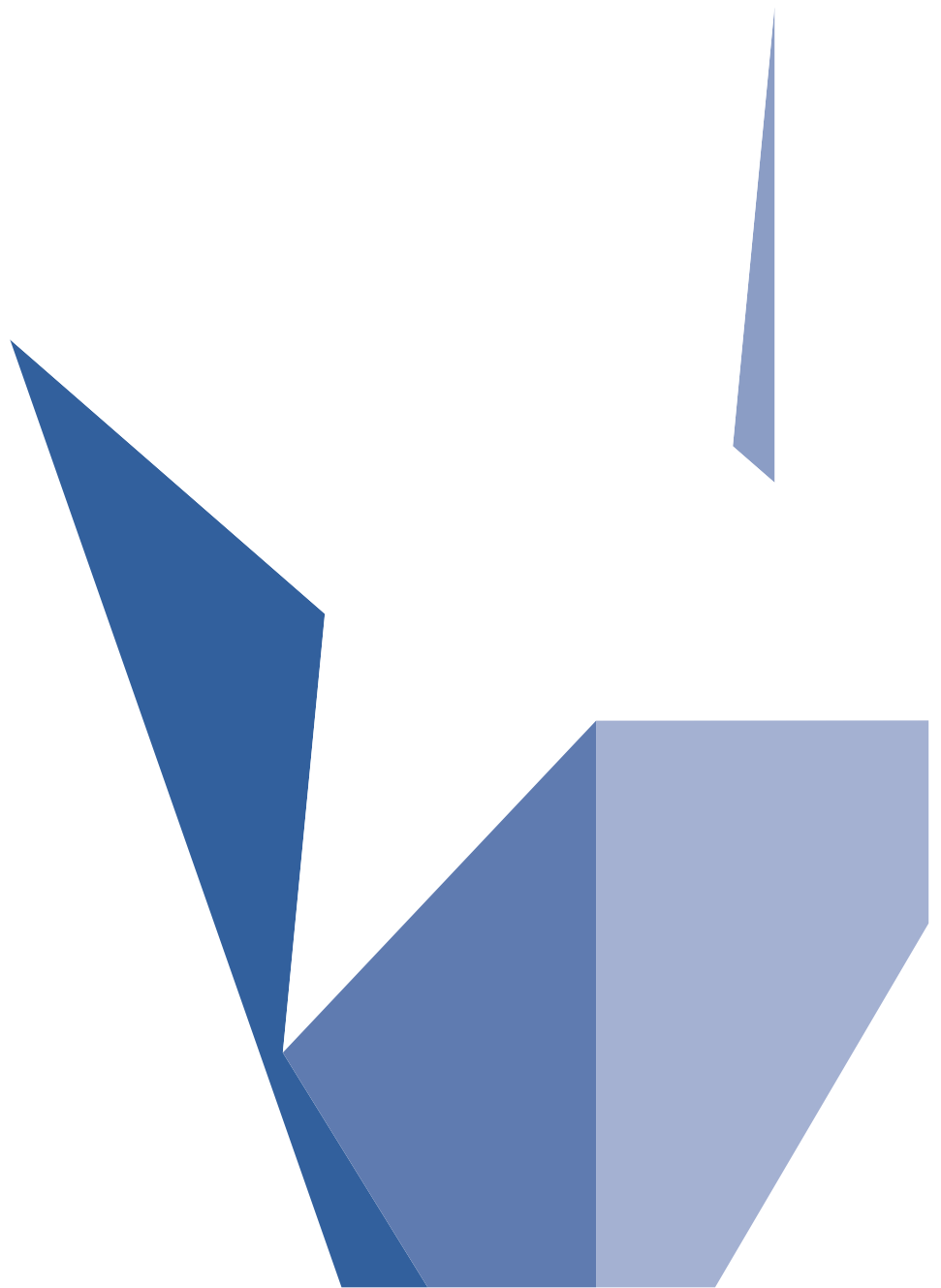
The best partnership is one that leads to achievement, and the best kinds of achievements are those that endure.

On Capital Bank's anniversary, we extend deep gratitude and appreciation to our esteemed clients.

Our partnership with you has afforded us an effective national role in supporting the domestic economy and advancing all its promising sectors.



Message from the Chairman



Dear Capital Bank Shareholders,

I convey to you the best greetings, and it gives me great pleasure to present to you in my name and in the name of my colleagues, the members of the board of directors, the annual report of Capital Bank, its business results, the consolidated financial statements for the fiscal year that ended on 31/12/2015, and the future plans that the bank looks forward to implementing.

Ladies and Gentlemen,

The profits of Capital Bank in Jordan have been good and in harmony with the planned outlook. However, the economic and political conditions prevailing in Iraq have affected the business results of the group in general. As a result of those conditions, the bank management decided to adopt a risk mitigation approach by taking provision to deal with the various risks facing our investment in Iraq, represented in the National Bank of Iraq (NBI), in which Capital bank owns 62% . This led to the Capital Bank Group realizing an after-tax net profit of one million JDs. This low profit was the result of deducting allocations amounting to around JD21.5 million to face those risks, foremost of which is the inability of the National Bank of Iraq (NBI) to dispose of balances deposited in the branches of the Iraqi Central Bank present in the region of Kurdistan. The balances, as at end of 2015, amounted to around 134 million Iraqi Dinar, out of which 26 million Dinars are particular to the deposits of the bank's clients in the region. In this context, and further to numerous encounters and communications with officials of the Kurdistan Regional Government (KRG), the government of the region emphasized the entitlement of the bank to those balances, and that the political and economic circumstance faced by Iraq in general and the region in particular are exceptional and caused the scarcity of liquidity for the Kurdistan Government. Consequently, there was difficulty in withdrawal of the balances as was formerly the case. Moreover, the government of the region pledged to resolve the matter as quickly as possible, in addition to receiving verbal promises for the bank to be compensated for foregone profits. It is noteworthy in this context that the balances are gradually decreasing, where the value of those balances amounted to around 150 million Iraqi Dinars. This is emphatically indicative that the bank receiving those balances is merely a matter of time.

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Notwithstanding those risks and the currently prevailing conditions that led to a decline in financial results, we continue to believe that the investment of Capital Bank in the National Bank of Iraq (NBI) is considered a strategic investment that produced positive financial results during the previous five years that had reached around \$51 million, and we hope for there to be better financial results in future upon the stabilization of the security and economic situation in Iraq. It is noteworthy here that the investment in the National Bank of Iraq (NBI) is a Jordanian investment that is subject to the Agreement of Encouraging and Protecting Investment concluded between the Government of the Republic of Iraq and the Government of the Hashemite Kingdom of Jordan.

As a result of those challenges and risks, the bank modified its business strategy in Iraq that was reflected in ceasing to give direct credit facilities in order to bolster liquidity and to concentrate on the products of commercial finance, most importantly letters of credit. This is in addition to reconsidering the size of direct and indirect credit facilities granted to the National Bank of Iraq (NBI) in a manner balancing between its ability to continue serving its clients on the one hand, and mitigating the risks that could be faced by Capital Bank on the other.

Notwithstanding the foregoing, the overall operating results of the bank were satisfactory, where a number of financial indicators for the bank indicated growth. Indeed, the group was able to realize operating profits amounting, before taxes and allocations, to JD39 million, while growth in the net interest income of 6% reached JD57 million compared to JD53.9 million in 2014. Moreover, the net credit facilities portfolio rose by around JD116 million to reach JD910 million i.e. an increase of 14.6% whilst maintaining a low ratio of non-performing loans, the latter amounting to 5.8%. It is noteworthy that the non-performing loans ratio at the level of the branches of Jordan amounted to 4.91%, and the balances of client deposits rose by around JD111 million to reach JD1,345 million, that is of an increase of 9%. Meanwhile, the bank maintained a high capital adequacy ratio amounting to 18.31%, it being noted that the overall income for 2015 amounted to JD75.6 million. Those results were achieved despite the unstable regional conditions in the neighboring countries, particularly Syria and Iraq, with their negative repercussions on the Jordanian economy.

Ladies and Gentlemen,

As regards the business activities of the National Bank of Iraq, the latter operates normally through its branches spread out in the various governorates of Iraq and offers all the major banking services, foremost of which is financing trade through opening letters of credit. Indeed, the National Bank of Iraq is considered at the forefront of private Iraqi banks insofar as issuing letters of credit that serve both Iraqi and Jordanian companies.

Furthermore, in view of the trust of the foremost international banks in the Capital Bank Group on the one hand, and in the National Bank of Iraq (NBI) on the other, business with those international banks has been strengthened through offering banking services to the leading oil companies operating in Iraq through the National Bank of Iraq with a monthly business volume that is close to \$40 million.

We operate on the premise that Iraq was and will remain the strategic partner of Jordan, particularly in the economic field, where Jordanian exports to Iraq represent a significant aspect of this economic relationship, but which witnessed a decline due to the closure of the main road between Baghdad and Amman, expected to return to its original situation thanks to the efforts exerted by governmental quarters in Jordan to reopen this vital artery.

A cause for optimism concerning Iraq is the positive developments at the security and military level. In addition is the conditional loan agreement concluded between the Iraqi Government and the International Monetary Fund (IMF) to the tune of \$5.4 billion in accordance with an agreement for a period of three years in return for reducing expenditure and increasing non-oil revenues. This agreement will open the gate for granting Iraq international assistance that could reach \$15 billion, which would significantly contribute to strengthening the confidence of donor quarters in the Iraqi economy and would pave the way for obtaining more financing. Moreover, it is expected that international bonds will be sold of a value of two billion Dollars in the final quarter of 2016.

As relates to oil production, record levels have been reached by the end of 2015 amounting to around 4.8 million barrels per day, compared to 4 million barrels per day at the start of last year, and it is forecasted that the production level will reach 6 million barrels per day by the year 2020.

Ladies and Gentlemen,

Capital Bank has been dedicated to maintaining an advanced position as a leading bank in Jordan in the field of serving small- and medium-size enterprises (SMEs) and renewable energy, given the great importance of those sectors insofar as invigorating the domestic economy, where the SMEs constitute around 98% of the economy of the Kingdom but are not given suitable financing that does not exceed 10% of the overall credit facilities given to companies in general – this despite their efficient utilization of capital and provision of job opportunities. For this reason, and to achieve the goals of the bank insofar as contracting on this kind of financing, tools (instruments) have been made available that are suitable for those companies and fulfill their needs so as to found new projects or expand existing ones. Among those tools is financing fixed assets and sales in return for transferring governmental and private dues. It also includes sales in return for payment of checks and discounting checks and financing housing, whether through advance payments of the Central Bank of Jordan at preferential prices and long-term and flexible payment period, or through the bank directly. This had a considerable impact in contributing to the growth of the size of credit facilities granted to this sector by around 45% in 2015, which is one of the highest growth rates among local banks. We anticipate the growth of those facilities at the same rate in 2016.

It is worth mentioning in this context that Capital Bank signed an agreement with the European Bank for Reconstruction and Development (EBRD), pursuant to which the bank was given a credit line of \$10 million to foster the activities of SMEs.

In the field of renewable energy, Capital Bank took the lead in providing “green” financing, where it created finance lines for renewable energy, departing from its belief in the importance of those projects for achieving the development goals by reducing the cost of the production of electric power and providing diverse sources of energy – all whilst safeguarding environmental sustainability. Renewable energy is witnessing substantial growth in the local market, and the challenge was met through the bank providing finance instruments that are suitable for this kind of projects, whereby Capital Bank today is a pioneer in the field of green finance in the local market.

With a view to marketing the services of the Capital Bank Group at the level of the region, and in particular in the Arabian Gulf, the bank at the start of 2015 inaugurated its investment arm at the Dubai International Financial Centre (DIFC), with a view to harnessing the available opportunities in those important markets.

Ladies and Gentlemen,

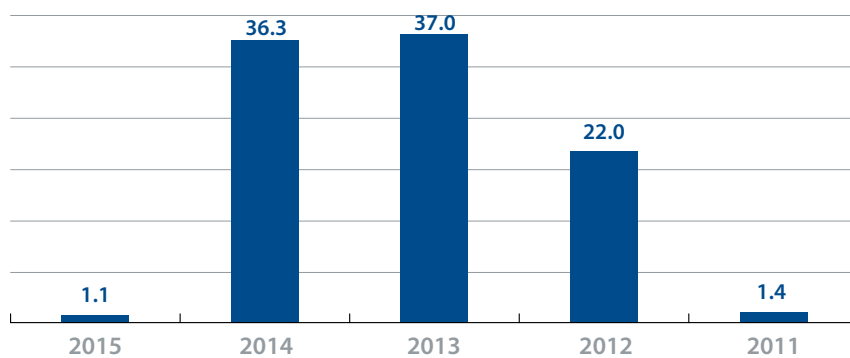
In conclusion, I seize this opportunity to express my deep gratitude and appreciation to the Central Bank of Jordan, whose measures in the arena of monetary policy and its initiative to provide financing to the economic sectors, played an effective role in promoting the favorable and attractive climate for investment, including accumulating suitable foreign currency reserves. This was clearly manifested in the growth of bank facilities, and the realization of economic growth, the strengthening of confidence in the Jordanian economy, safeguarding monetary stability and providing continual support to the banking sector.

I would also like to deeply thank all the shareholders of the bank for their continuous support, and to our esteemed clients for their trust and continual backing, and to the employees of the bank, irrespective of location and position, for their hard work and dedication in performing their duties and shouldering their responsibilities. I emphasize to all our dedication to moving forward on the path of success and achievement under the leadership of His Majesty King Abdullah II Bin Al-Hussein.

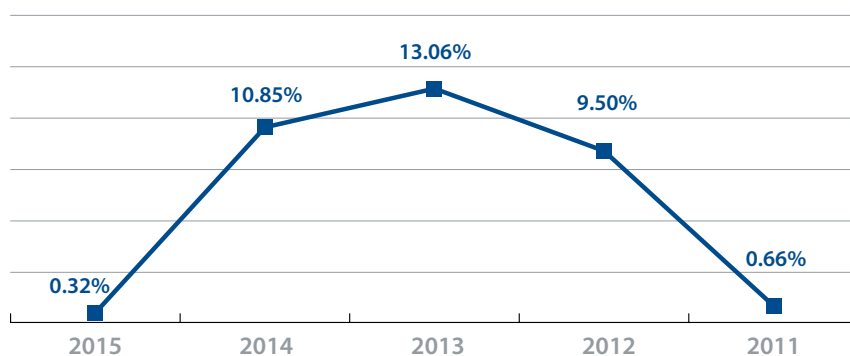
Bassem Khalil Al-Salem

Chairman of the Board of Directors

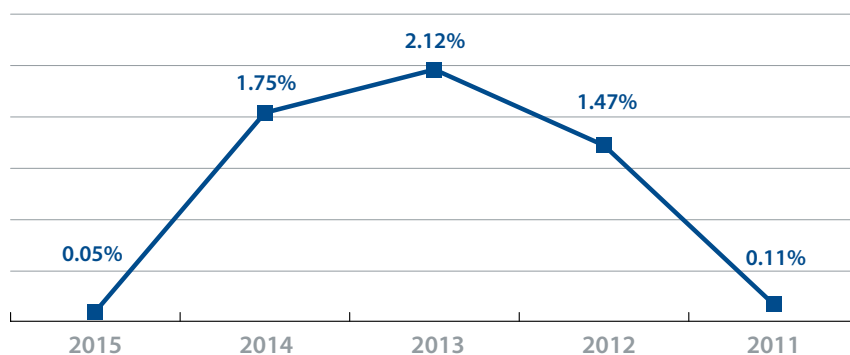
Net Profit (Million JOD)



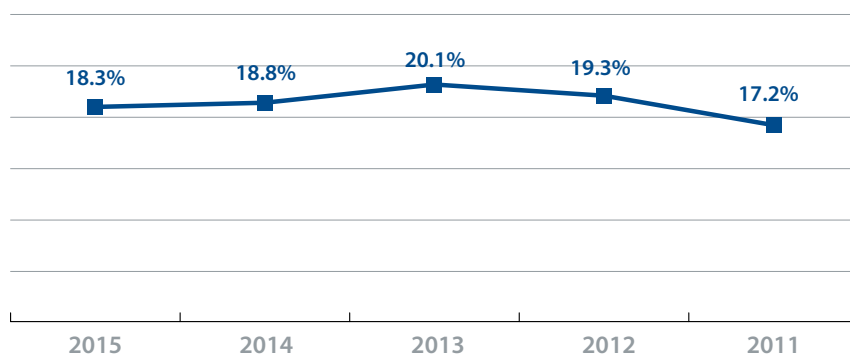
Return on Average Total Shareholder's Equity



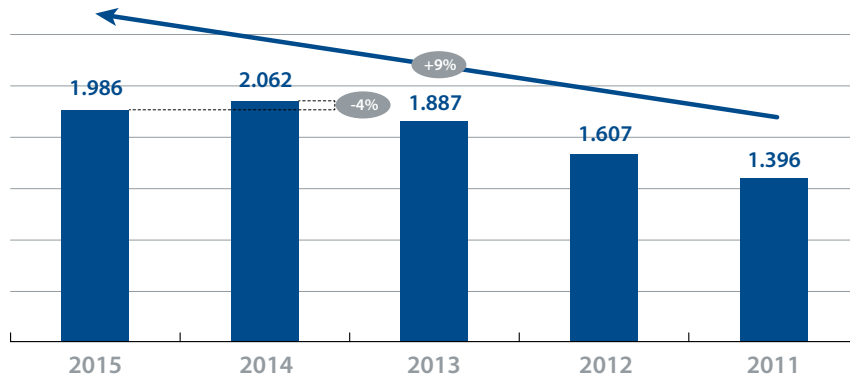
Return on Average Assets



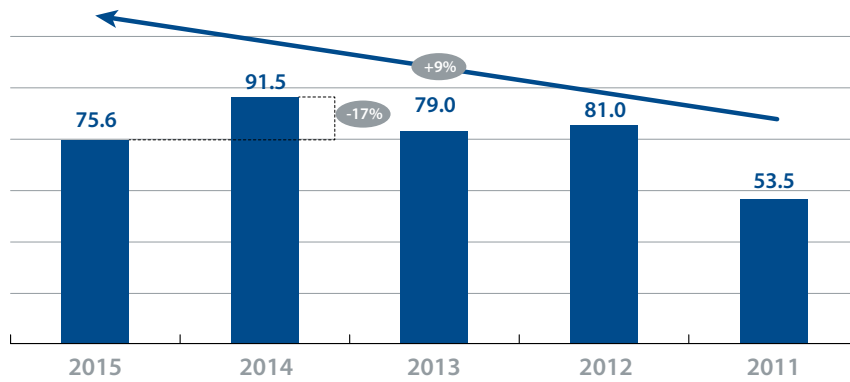
Capital Adequacy



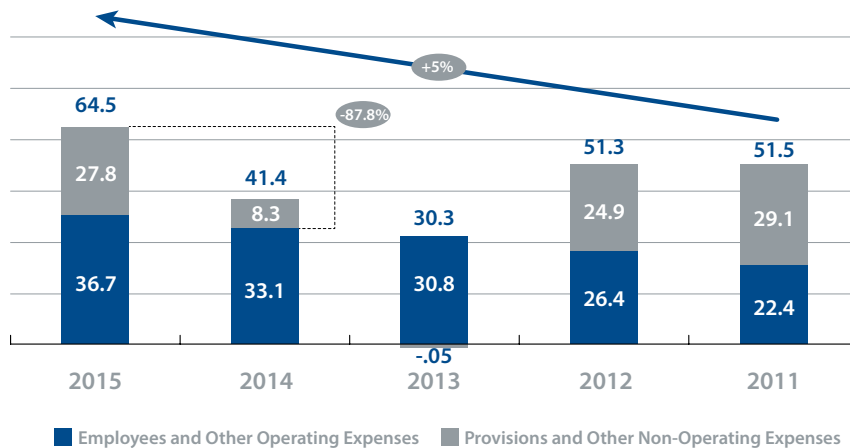
Total Assets (Million JOD)



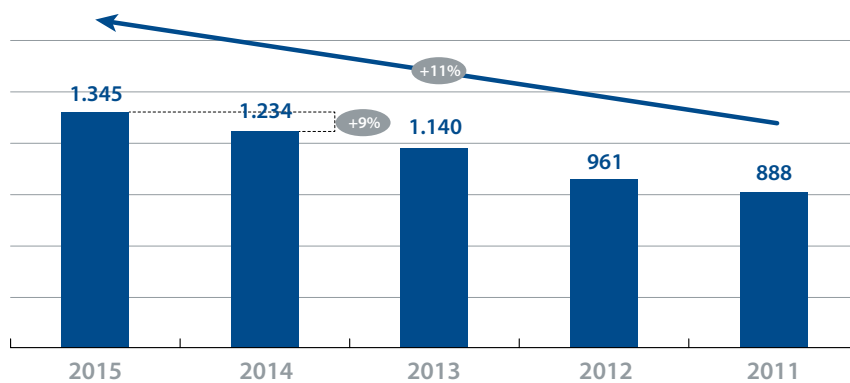
Total Income (Million JOD)



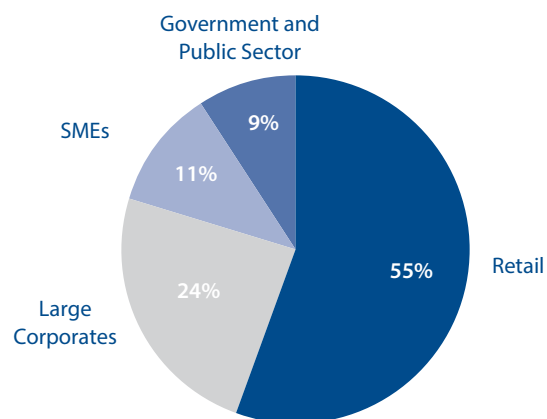
Expenditures (Million JOD)



Total Deposits of Clients (Million JOD)

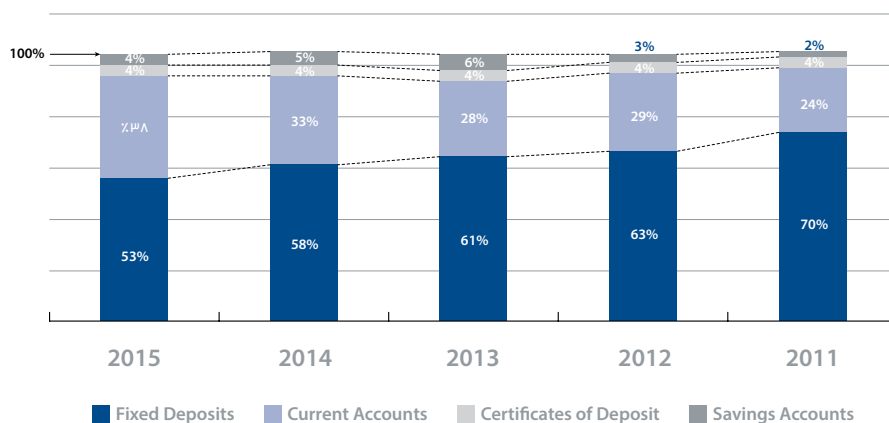


Deposits of Clients as Per Sector (2015)

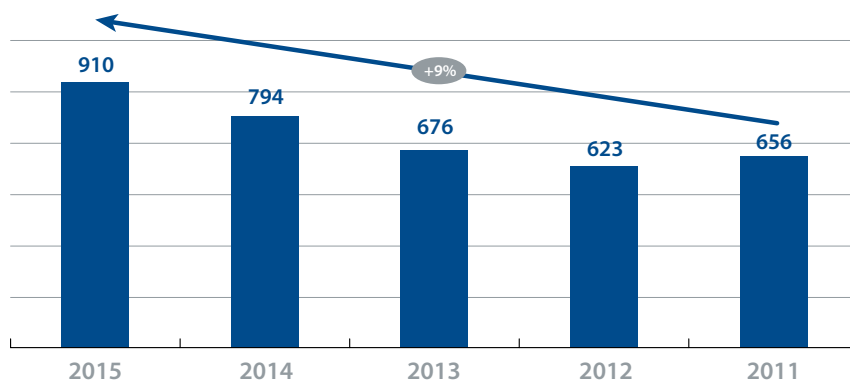


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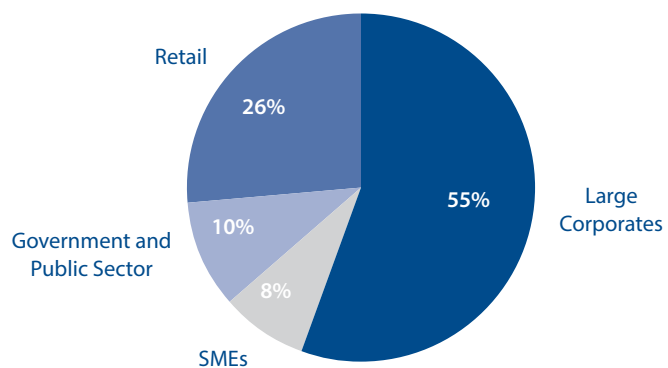
Clients Deposits According to Type (Million JOD)



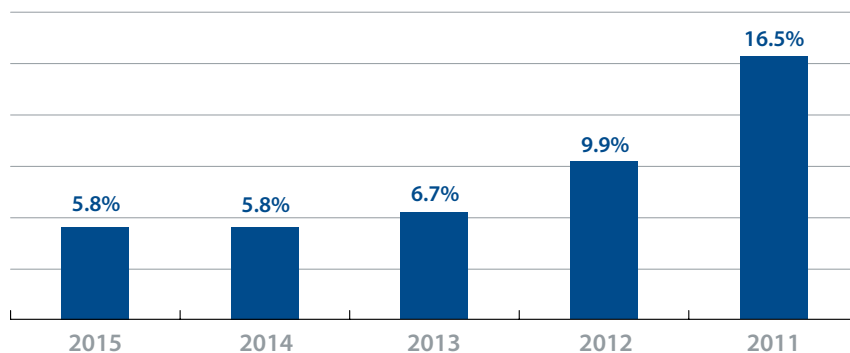
Net Credit Facilities (Million JOD)



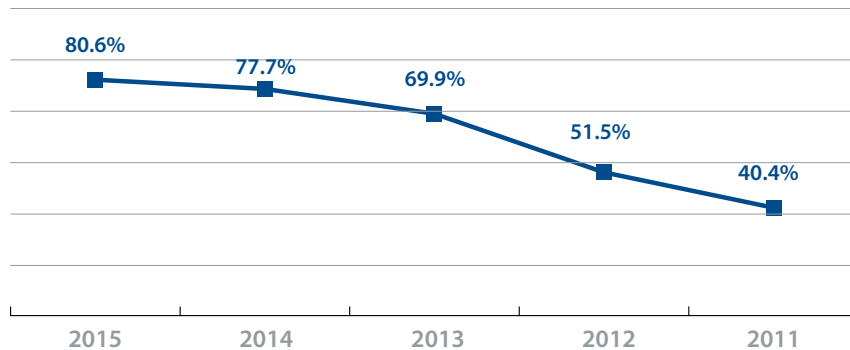
Net Credit Facilities (2015)

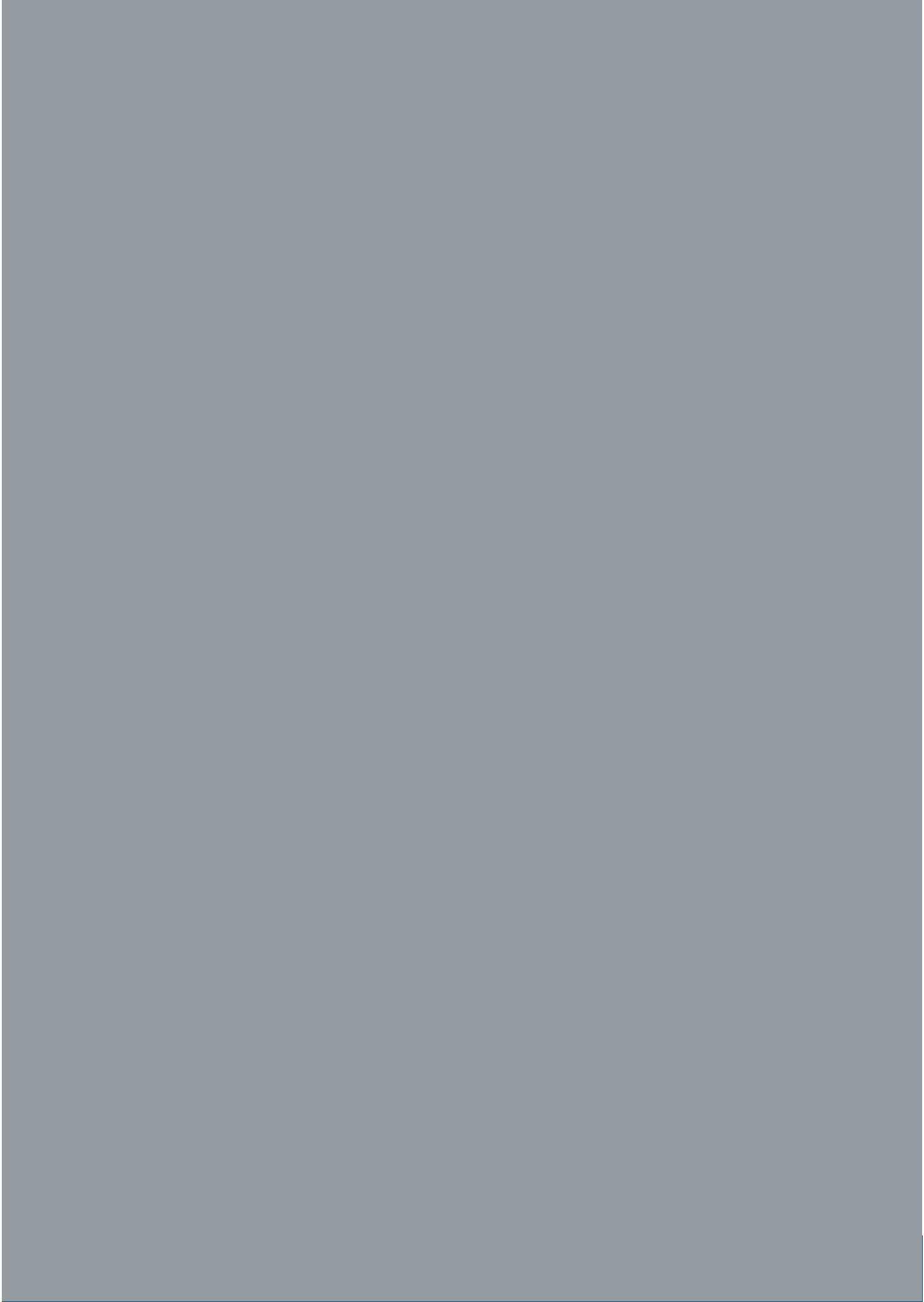


Non-Performing Loans Ratio



Ratio of Coverage of Non-Performing Loans (After Deducting Suspended Interest)



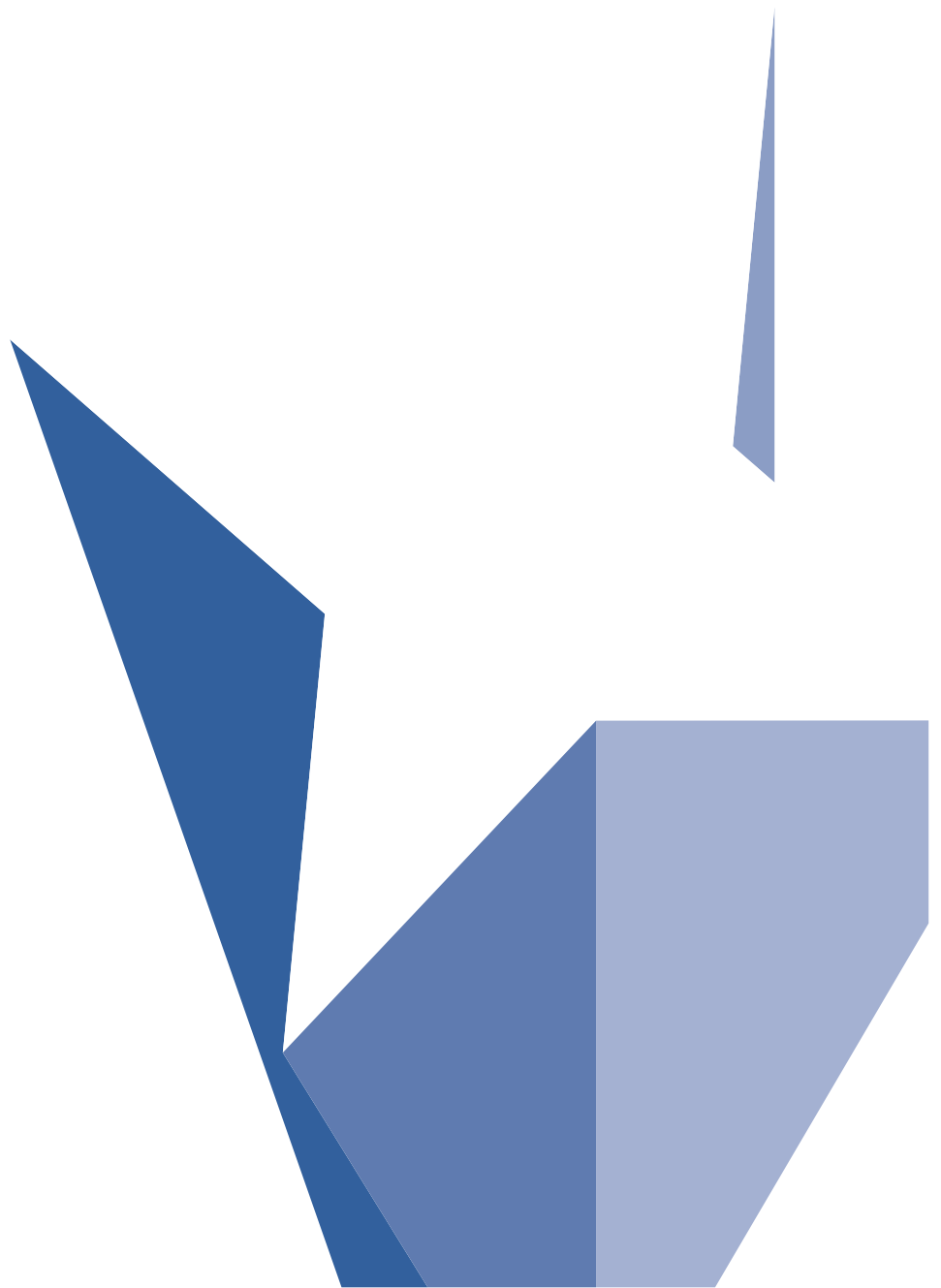


The best of partnerships is one that bears the fruits of achievement, and the most significant of achievements is one that endures

Because we believe in the investment environment in Jordan, we strive to innovate products that are up to date with developments in the banking and investment fields in order to achieve the best returns.



Board of Directors' Report 2015



Ladies and Gentlemen, distinguished shareholders,

It gives the Board of Directors of Capital Bank pleasure to seize the opportunity of meeting its dear shareholders to inform them about the financial and administrative developments as embodied in the business results of the bank for the year 2015, and to overview with you its eighteenth report relating to the financial statements, the achievements realized, the activities and services, and the innovated products offered by the bank during the year.

Ladies and Gentlemen,

Capital Bank marks the twentieth anniversary since its founding, which is a procession rife with achievement, in implementation of the strategic plan and the ambitious plan laid down by its Board of Directors, not to mention the efforts exerted by the executive management in translating these strategic plans into actual reality.

The overall operating results of the bank have been satisfactory, whereby numerous financial indicators of the bank reflected growth. In fact, the group succeeded in realizing operating profits that amounted before taxes and allocations to JD39 million, while growth in the net income from interest of 6% amounted to JD57 million compared to JD53.9 million in 2014. Moreover, the net credit facilities portfolio rose by around JD116 Million to reach JD910 million, that is an increase amounting to 14.6% – all while maintaining a low ratio of non-performing loans, which amounted to 5.8%. Here, it is noteworthy that the ratio of non-performing loans at the level of the branches of Jordan amounted to 4.9%, while the balances of clients deposits increased by around JD111 million, thereby reaching JD1,345 million, that is an increase of 9%. Also, the bank maintains a capital adequacy ratio that is high and that amounted to 18.31%, it being noted that the total income in 2015 was JD75.6 million. Those results were achieved despite the unstable conditions prevailing in neighboring countries, particularly Syria and Iraq alongside their negative repercussions on the Jordanian economy.

Ladies and Gentlemen,

Capital Bank will continue to implement its strategic plan laid down by its Board of Directors, where it will endeavor to innovate new financial products to serve all the main sectors, and will also bolster its presence in the local market through attracting numerous major companies, in addition to SMEs, given their significant role in serving the local economy and mitigating unemployment.

Ladies and Gentlemen,

As you are aware, Iraq is witnessing critical economic and political circumstances that have negatively impacted its economy in general. Despite those developments, the strategic view of the bank of this market is to continue to invest in it through the National Bank of Iraq (NBI). This is the product of our belief that Iraq is a country that is rife with promising opportunities and positive potential for the future, notwithstanding those circumstances.

By entering the Iraqi market, we have provided support to the business community, by the existence of a banking institution in which they have confidence to help develop their businesses. By virtue of the experiences derived by the National Bank of Iraq (NBI) from Capital Bank that are considered added value for the group and a substantial opportunity to grow in a market that has become thirsty for new investments in many fields, most importantly the banking sector.

The Board of Directors' detailed report of the Bank's business and achievements in 2015 is outlined below:

Large Corporate Department:

The department has continued in the year 2015 to offer varied financial services, banking and credit products to diverse economic sectors and projects of economic feasibility. This was made possible thanks to an integrated team that is endowed with the finest banking experiences, and that strives to meet and support the needs of the clients, so as to be their partners in their march forward business, The main goal of the department is to maintain the increase of the bank share in the banking sector, while also adopting a cautious credit policy and relying on advanced banking tools and instruments. Indeed, in 2015, the department has accomplished the following:

- Attracted numerous large companies and provided them with banking facilities that are backed by sound guarantees (collateral), in addition to the inclination to lend a number of public sector institutions and companies guaranteed by the Government.
- Financed green energy projects in cooperation with the French Development Agency (AFD) and the Central Bank of Jordan. We take pride in the fact that we were the first to finance the first solar electric power generation station with a capacity of 10 megawatts in Jordan.
- Continued to work with a host of programs and specialized finance agreements in cooperation with a number of international institutions, such as the Saudi Fund For Development, the Arab Trade Financing Program (ATFP) in conjunction with the Arab Monetary Fund (AMF), in addition to financing programs with guarantee of the Overseas Private Investment Corporation (OPIC).
- Activated working with finance products for the renewable energy, tourism and industrial sectors, at low interest rates supported by the Central Bank of Jordan.
- Intensive monitoring of the credit portfolio quality, and endeavoring to address the accounts beset by problems related to payment due to economic conditions.

SME Department:

Departing from the belief of Capital Bank in the importance of the SMEs in moving forward the wheel of the national economy, coupled with their role in creating new job opportunities and achieving economic development for the various sectors, the bank has continued to attach great importance to supporting this sector through offering an integrated cluster of programs and products – in a manner consistent with the requirements of the sector, which had a great impact on the Department of Small and Medium Enterprises making some achievements, which reflect the efficacy of the strategy adopted by the bank in serving this sector.

Specifically, specialized finance programs were developed to support various sectors, such within the framework of a clear and easy mechanism and marketing it through its specialized center in some of the bank's branches spread out in the Kingdom, which entailed the feature of the client being able to obtain preliminary approval for financing his project within 72 hours from the date of submitting the application. Among these programs, you would find finance of working capital, procurement and sales, financing of sales against depositing a payment check, financing fixed assets, financing of the entitlements of governmental private sector contracts, and the financing of housing.

The department is continually striving to make use of what is offered by the Central Bank of Jordan in terms of specialized programs to support this sector, such through the advance payment given to some of the significant and vital sectors in the Kingdom. This includes industry, agriculture, renewable energy, tourism and information technology. In order to contribute to developing this sector, the bank has signed several agreements with local and international institutions, including an agreement with The Jordan Loan Guarantee Corporation (JLGC), and an agreement with the Overseas Private Investment Corporation (OPIC) in order to provide guarantee ratios reaching 60-75% of the value of the offered loan, and another agreement with the French Development Agency in order to make available long-term and supported loans to finance environmentally-friendly projects with payment terms reaching 10 years. This is in addition to signing a new agreement with the European Bank for Reconstruction and Development (EBRD) by virtue of which Capital Bank was given a loan amounting to \$10 million, to be extended to SMEs at preferential rates, in addition to a million JD to provide technical support for developing the business of those companies. Moreover, a cooperation agreement was signed with the Business Development Center (BDC) to support entrepreneurs and small enterprises.

Based on the achievements made, the direct facilities portfolio of the Small and Medium Enterprises Department registered an estimated growth of around 48%, which is the highest rate of growth in this kind of financing in the local market.

Department of Branches and Direct Sales:

The Department of Branches and Direct Sales aims to provide distinguished services to the clients through developing the skills of the employees of branches and direct sales with a view to offering comprehensive digital banking solutions to the clients of Capital Bank.

In fact, the department has accomplished all the goals laid down for it in 2015, which had a positive influence on the growth of the portfolio of deposits and credit facilities for individuals insofar as all products whilst concentrating on sales and after-sales services and the launching of new services and products.

To apply the strategy of the special client and the special service, the electronic services of the branches were modernized in a manner suitable for the needs of our clients and the branches including the expansion of our ATM network, in addition to qualifying and training their cadres so as to effectively serve the clients of Capital Bank.

Moreover, to put into effect the instructions of the Central Bank of Jordan, and out of a keenness on the part of the Department of Branches and Direct Sales Department to maintain continual communication with the clients, several projects were launched, providing ATM cards & digital services including the updating of the data of the clients in order to be able to convey banking services to them with ease.

Capital Select Branch:

Capital Bank has continued to offer excellent services through the Capital Select Branch to its premier clients who expect to receive special banking services that are of high quality, speed, skill and good treatment, through which our clients are able to implement all their banking transactions with flexibility and ease, not to mention the development of new products, continuously, so as to fulfill the needs of this important segment of clients.

Department of Credit Facilities for Individuals:

The bank attaches great importance to the sector of special individual clients through offering excellent products and services in accordance with the highest modern banking standards that fulfill the aspirations of clients.

Capital Bank has continued to offer finance services for purposes of the purchase of real estate and offering housing loans to Jordanians, both those residing in Jordan and expatriates, in addition to Iraqis living in the Kingdom. What's more, offering personal loans with competitive features, not to mention offering banking solutions to purchase equipment for saving and generating energy, and expanding the base of the credit cards product line by providing various kinds of cards that target the clients and that are of competitive and preferential features.

Moreover, the procedures of offering loans to individuals were modified and developed with a view to simplifying the procedures of providing the loans, and to assure the efficiency and speed of processing the applications for the facilities and to serve the clients more effectively. What's more, a life insurance product for clients was developed that would serve the interests of the client and the bank all at once.

The bank has applied the Retail Scorecard Model through the Moody's credit rating system in order to safeguard the quality of the credit portfolio.

Products Development Department:

The activities of the Products Development Department in 2015 have been based on devising innovative and new solutions to serve the individuals sector service and to meet their banking requirements, for at the level of the credit facilities services and banking loans the banking products have been developed and modified in response to the requirements of our esteemed clients in a manner entrenching the strategic inclination of the bank to strengthen relations with the clients and fulfill their banking needs in the best and quickest manner, in addition to launching a host of new and innovative services relating to the credit cards, such as the program for paying installments for purchases with no interest, and to replace the old credit cards with the new Capital Bank card with a wide spectrum of advantages associated with those cards, in addition to launching the exclusive Capital Entertainer application of Capital Bank at the level of the Jordanian banking sector.

The Products Development Department has attempted to support the business sector through launching an encyclopedia for the bank products, and to follow up on those efforts by administering training and tests to ascertain the extent of the knowledge of the branches employees and Capital Center about all the services offered by the bank, with a view to advancing the level of the service offered to the clients.

The Department adopts a strategy of integration and complete harmony between the services and products of the bank in order to cater to a business segment through offering a new products cluster that meets their continual needs, in order for Capital Bank to be the best option and the ideal partner insofar as offering banking solutions and innovative features.

Electronic Channels Department:

As a continuation of the strategy adopted by the bank to be abreast of the latest developments in the field of utilizing technological systems, and with a view to developing new services outlets that the bank offers to its clients, the bank has developed an integrated cluster of services within its electronic channels and that would contribute to saving time and effort whilst providing flexibility in performing banking operations. The Electronic Channels Department has launched several services during the previous year in a manner fulfilling the ambitions of our special clients, including:

- **Banking services through the Internet:** This service was launched in its advanced version that enables the clients to perform banking transactions with great ease and security. This service enables inquiring about the balances and accounts, the internal and external financial transfers, payment of credit cards dues, payment of bills, requesting a checkbook and other services.
- **Capital Customer Service Center:** The Capital Customer Service Center was developed to offer the finest and quickest means for rapidly responding to all the inquiries of the clients.
- **The new ATM system in cooperation with FIS Company:** All the branches of the bank and some of the strategic locations spread out in the Kingdom were provided with new ATMs characterized by the highest international specifications, with a view to improving the electronic services offered to the clients.
- **Launching the bill payment service through eFAWATEERcom system on all electronic channels:** so as to enable the clients to pay bills to governmental and private quarters, under the supervision of the Central Bank of Jordan.

Treasury and Investment Department:

The year 2015 witnessed further difficulties that negatively affected the level of economic growth in the Kingdom, where the investment climate was influenced by regional tensions, which in turn affected the interneconomy trade between the countries of the region in particular, and the countries of the world in general.

Moreover, the interest rate on the JD continued to decline in 2015 as a result of decreasing levels of inflation and a rise in the level of liquidity in the domestic banking system due to the decrease in borrowing by the government in JDs and its inclination to borrow from outside sources, in addition to a plunge in the prices of oil to low levels that contributed to lessening the current needs of the government.

Globally, interest rates continued to decline to historical low levels as a result of continued European economic stimulus and the slowdown of the Chinese economy. All of those factors contributed significantly to influencing the interest rate margins. However, the bank succeeded thanks to its remarkable efforts and through its policy to maintain good levels of profits accruing from dealing with foreign currencies, whilst concentrating on the excellent clients of the bank from among those with good commercial activity, in addition to maintaining reasonable ratios of the interest margins through managing the cost of funds efficiently and diversifying the sources of funds and utilizing the money market tools with high effectiveness.

Moreover, the bank maintains high levels of liquidity as a precaution (hedge) against rising interest rates on the US Dollar that commenced in December 2015, and it is expected for it to reflect positively on the JD interest rate subsequently.

In what follows are the foremost activities of the department:

- Investment in the Jordanian treasury bills , bonds and securities guaranteed by the Jordanian government.
- Investment in debt instruments issued by Jordanian or regional companies that have high financial and credit solvency.
- Investment in local, regional and international companies that enjoy high growth opportunities and

good investment returns.

- Investment in investment funds that have a history of excellent performance within the framework of acceptable risk levels.
- Investment in structured securities within the requirements of the bank.
- Management of the Foreign Currencies and the Dinar positions in a manner achieving the best possible returns within the decided ratios and in a manner consonant with the instructions of the Central Bank of Jordan.

The Department of Treasury and Investment continued to provide special services to the bank clients in the field of the foreign currencies markets on spot and forward basis, moreover, the Department of Treasury and Investment continues to offer its usual services that include:

- Issuance of certificates of deposit in JDs and in the main currencies for the various terms and at competitive prices.
- Offer competitive quotes for foreign currencies against the JD and the US Dollar, on spot and forward basis, and for various terms and to all the segments of clients from among individuals and money exchange institutions and companies.
- Deal with the money market and capital market instruments in favor of the clients, including treasury bonds and bills, commercial papers and various debt instruments.
- deal with the spot and forward foreign currencies markets, both on cash and margin basis.
- Perform foreign currency and interest rate swap transactions.

Offer advice and guidance to the bank clients from among individuals and institutions in the area of hedging against the fluctuations of the interest rates and exchange rates, and propose the suitable hedge tools using the traditional market tools or the derivatives according to the need of each client.

Offer subscription services in the primary issues of government bonds or those guaranteed by the government for companies and individuals whilst offering the services of safe keeping for those bonds at competitive prices.

Moreover, the Exchange Unit affiliated to the Department of Treasury and Investment continued its perseverant effort to manage and plan all the activities and services offered to the money exchange companies in terms of sale and purchase of currencies and acceptance of deposits and withdrawals in a manner consonant with the aspirations and strategies of the bank insofar as expansion, and to provide services to all the sectors in a manner harmonious with the policies of the Central Bank of Jordan, where the goals pivot around the following:

- Provision of the adequate liquidity and develop the cash reserve of the bank.
- Provision of foreign currencies for the local market.
- Grow the outgoing and incoming transfers.
- Facilitate the work of money exchange companies through effecting the centralization of the service, which would reflect positively on the profits of the bank.
- Follow up of the sources of funds of the money exchange companies in cooperation with the Department of Compliance for preventing money laundering.
- Implement the operations of sale and purchase of foreign currencies, deposits and withdrawals in coordination with the Treasury and the Compliance Department.

The Department of Treasury and Investment strives within the framework of its future strategy to continue to offer the best services to its clients, and to innovate new products that are abreast of developments in banking and investment activity such as options contracts and future contracts relating to the exchange rates of currencies, in addition to expansion in the investments of the bank in the diverse fields, instruments and investment opportunities, and to avail of the favorable market conditions insofar as some tools, with a view to enhance the income of the bank within acceptable risk levels, and within the investment policy limits and the instructions of the Central Bank of Jordan in this regard.

Meanwhile, the department strives to support the National Bank of Iraq (NBI) with its experience and to train employees in order to build a solid base for developing the bank and moving forward in banking activity in Iraq to harness the investment opportunities available in the Iraqi market.

Department of Financial Institutions:

The Department of Financial Institutions played a prominent role in 2015 in opening new channels to deal with numerous banks and financial institutions and building banking relations with them, such as to fulfill the needs of the bank and to expand the scope of its operations, in addition to bolstering existing banking relations and entrenching them within banking dealings that are characterized by professionalism and transparency through expanding the base of correspondent banks that are of high classifications. This strengthened the ability of the bank to implement its activity, whether in the field of foreign trade and the treasury operations and credit facilities, whilst conferring increased flexibility in covering the larger size of global markets.

Notwithstanding the political challenges that continue to face Iraq in the recent period, the management of Capital Bank has effectively contributed to fulfilling the foreign trade operations of the National Bank of Iraq and has proven its ability to effectively meet its requirements.

In fact, the bank has concluded several agreements with international institutions, whereby an agreement was signed with the European Bank for Reconstruction and Development, according to which the bank was granted a credit ceiling of USD 10 million with a view to promoting the commercial operations issuing from the bank. What's more, there was another financial loan of USD 10 million to support the SME sector, in addition to strategic partnerships and the existing agreement with numerous international institutions, such as the bank's agreement with the French Development Agency, which is the executive arm of the French government, that supports various sectors and economic activities and environmentally-friendly projects; and the bank's agreement with International Finance Corporation (IFC), according to which Capital Bank was given a ceiling to promote commercial operations in the amount of \$15 million.

Information Systems Department:

In accordance with a multi-year strategy for information technology, Capital Bank has continued to develop and enhance its infrastructure and operating environments to provide and achieve the highest possible standards for efficiency and performance and to meet the requirements of sustainable business growth. In effect, in 2015, numerous projects were implemented and completed that aimed to modernize the infrastructure, including equipment and networks. The outcome of effective implementation had a significant impact on bolstering the capacity, reliability and availability of the services. This was also required to meet and exceed the regulatory, risk management and information security requirements and to realize the vision of the bank to be at the forefront of advanced banks when it comes to technology, systems and associated products and services.

The projects are a translation of a well thought out strategy for the bank that aims to strengthen business performance and achieve its goals for expanding locally and regionally. The implemented systems and solutions are an essential foundation for developing and launching new special products and services such as ATM services, internet banking services, mobile banking applications, and other services.

To better mitigate risks, a fully compliant disaster recovery site was completed and many projects related to compliance and risk management and control were also concluded. The contact center has been fully established to better service our customers and meet their expectations and needs.

Policies and Procedures Department:

In order to enhance the operating procedures of all the bank's departments, in 2015 the unit of work procedures development was established, which is concerned with studying the workflow cycle to identify the causes of delay in providing services; where numerous procedures that have direct interaction with the bank's customers were studied to enhance the service, and to be aligned with the customer service international standards. In fact, work is currently undergoing to complete the whole bank's procedures as all departments in the current year 2016; in order to provide the optimal services in the banking industry.

Furthermore, the department of Policies and Procedures has frequently re-study the approved work procedures to ensure they are aligned with the banking regulations and legislations, and amend them

in a regular bases; in order to ensure that the transactions completion in an optimal manner. As well creating new procedures for the services and departments that were established in 2015.

Besides the completion for the work procedures for the Capital Invest Company to be consistent with the regulations and legislations that are applicable for the investment companies. Also, all Capital Invest company's procedures were uploaded on the Policies and Procedures webpage and access authorities were granted to the company's employees.

Credit Review Department:

The Credit Review Department is responsible for evaluating credit cases, conducting financial and credit analysis of Jordan customers, and providing appropriate recommendations regardless of their personal relationships with customers, evaluating customers objectively and solely based on their financial and non-financial data and supporting documents. This is in addition to the advisory role the Department plays in strengthening the concept of credit. The Department's team enjoys a long experience in this field, and its members are essential to the facilities committees.

The Department also performs due diligence on companies requesting personal loans for their employees and approves or denies the request of such companies accordingly.

Credit Control Department:

The Credit Control Department is tasked with ensuring that all documents and conditions stipulated by the decisions of the credit committees are properly provided. The Department also documents all customer guarantees. Furthermore, it ensures, prior to implementation, that the processes comply with the credit policy of the Bank and the directives issued by the Central Bank of Jordan. The Department has a credit monitoring role over Capital Investments in addition to monitoring the daily operations of the Bank to ensure the soundness of the credit portfolio, and to report, immediately, any violations in order for measures to be taken to safeguard the rights of the Bank.

The Department prepares reports on accounts that must be classified as non-performing loans or loans on the watch list. It makes the necessary provisions for these loans and estimates the general banking risk reserve in accordance with Central Bank of Jordan regulations in this regard. The Department prepares several other internal control reports for the Bank as well as the Central Bank of Jordan and any other parties as necessary.

Compliance Department:

The Compliance Department in 2015 has maintained the performance of its responsibilities by ensuring that the bank and the subsidiary companies have complied with the internal policy and the regulation, laws, instructions and sound banking practices issued by the domestic and international supervisory quarters, which are anchored in the highest professional standards of the banking industry, and in a manner protecting the bank from the risks of non-compliance by applying the highest basic and important standards in its business activity, where the management oversees the monitoring of compliance with the supervisory requirements and actualizing the principle of "know your customer " and preventing money laundering operations, the funding of terrorism, and addressing the complaints of the customers.

Departing from the keenness of the bank and its subsidiary companies on complying with the instructions of the supervisory quarters and applying best practices and international standards, the management implemented in 2015 the tasks assigned to it, through implementing the instructions and conducting the regular tests in addition to site visits in order to ascertain the extent of compliance with the international compliance instructions, including:

- Update the Anti-Money Laundering and Combating Terrorism system to obtain more accurate and sufficient reports in order to enhance our Customers Due Diligence to be compatible with the regulatory requirements and best practice.
- Contribute to Update the policies, procedures, organizational and administrative structures of the bank in harmony with the institutional good governance instructions for banks.
- Implement the first phase of the Credit Information Law, where this law affords the bank the opportunity to ascertain the financial solvency of the client and his ability to pay at the scheduled times upon applying for loans or credit facilities.

- Review the reports issued by the external auditor to examine the environment of preventing money laundering and the funding of terrorism, where the result of the test was positive and consonant with best practices and international standards.
- The Compliance Department has implemented the third phase of the Foreign Account Tax Compliance Act (FATCA) Law successfully where it is required under the FFI Agreement to report on specified U.S. individuals as a Participating Foreign Financial Institution. The information was reported through an international system named International Data Exchange Service (IDES) this report is generally due by March 31 of the year for the prior year's information, Capital Bank was able to complete all the needed requirements at a group level with the cooperation of the branches, Information Technology department and specialists among the bank accordingly the reports were sent to the Internal Revenue Service meeting all the related deadlines.
- Moreover Capital Bank Group has started to conduct the Due Diligence on its new customers , financial institutions including banks and brokerage companies, insurance companies to assure that they are FATCA Compliant by documenting the US Tax Withholding Certificates. Capital Bank Group has established an agreement with a well-known FATCA expert company in order to provide the group with tax consulting services related to the FATCA Law.
- Receive the complaints of the clients by a toll free number allocated for this purpose, which was circulated among the clients through text messages, and announce them in all the branches of the bank, so as to enable the client to communicate with the department with great ease, in addition to including it in the website of the bank, and also the suggestions boxes distributed among all the bank branches, where those complaints have contributed to reviewing many of the work procedures, creating new ones, and modify others. This had a positive effect on improving the service rendered to the clients through focusing on the requirements of the clients and continual improvement that was noticeably reflected on the service. Indeed, the department applies the international standards for processing clients' complaints in terms of classifying according to the degree of risk and rapid response to them, in order to improve the service and offer what is best to our clients.
- Participate in an international conference in the field of compliance and prevention of money laundering and corruption and bribery, organized by Dow Jones in the US.
- Enter into contract with an international company with specialized experiences in the field of preventing money laundering and the funding of terrorism in conjunction with the American Treasury Department to assess the special procedures in the field of compliance and prevention of money laundering and the funding of terrorism. The report submitted by them made evident the quality and high standard of the procedures applied by the bank.
- Capital Bank was accredited by foreign international banks to bolster their presence in Iraq, where agreements were signed with international banks concerning the payment transactions inside Iraq whereby they take place through the National Bank of Iraq (NBI), of which Capital Banks owns 63%.
- Obtain a license to practice the tasks of safekeeping from the Jordan Securities Commission (JSC) in order to improve the service rendered to the clients.
- Continue to hold training courses for the employees of the group in the field of preventing money laundering and the funding of terrorism and the Foreign Account Tax Compliance Act (FATCA), in order to be abreast of all new developments at the local and international level.

Human Resources Department:

The Human Resources Department is keen on achieving the goals of Capital Bank through spawning an environment that attracts qualified human resources and building their professional capacities in the various work fields of the bank, given that the human element is the most important in terms of achieving the goals of the bank and enhancing productivity. In fact, its importance lies in its efficacious role in enhancing the efficiency and efficacy of the bank departments insofar as performing their tasks and responsibilities, which leads, in the final analysis, to enhancing the efficiency and efficacy of the bank itself and its competitiveness and excellence, locally and regionally.

Emanating from the belief of Capital Bank in the importance of its human cadres given that they constitute the nucleus of the bank and cornerstone for achieving its strategies, the Human Resources Department has accomplished a host of pioneering projects, which have contributed effectively to implement the strategy adopted by the bank by means of business development and strengthening the supporting

robust structure with a view to fulfilling its future aspirations in terms of safeguarding progress and excellence. Indeed, the Human Resources Department has adopted the method of sharing opinions with the other departments in order to unify the exerted efforts in a manner consonant with the needs of the bank, which includes:

- Develop and modernize the policies and procedures particular to management of human resources in order to meet the goals of the bank.
- Manage the employees and workers of the bank and implement the procedures related to employee relations.
- Training and development. Prepare a comprehensive training plan for all the employees of the bank, after identifying the training needs of all the employees in the various departments, based on the requirements of business, the results and assessment of the individual performance in a manner consonant with the strategic plans and goals of the bank.
- Apply the performance assessment system of all the bank employees' with a view to promoting the values of a competitive work environment between the workers.

Corporate Communications and CSR Department:

Contribution of the Bank to Serving the Local Community:

Capital Bank has bolstered its role in serving the local community and contributing to developing it, through providing material and moral support to the societal initiatives in the educational, humanitarian, social and other fields. Within the framework of its interaction and interest in supporting the public orientation aiming to achieve sustainable development at the human and social levels, Capital Bank has in 2015 supported numerous initiatives, projects and societal programs that targeted various sectors including:

A. Protection of the Environment:

- Contribute to the initiative of trees planting at the national level such through reclamation of treeless lands in the area of ('Eira/Salt) and planting them with suitable trees, such within the program of agricultural reform sponsored by the Ministry of Agriculture.
- Support for the Royal Society for the Conservation of Nature (RSCN).

B. Educational Initiatives:

- Cover the educational expenses of students with special needs through the Young Muslim Women's Association Centre for Special Education.
- Support the Jordanian education initiative "My Chance to Excel."
- Support students to complete their university education.
- Installation of shades of brick for Ibn Al-Ameed Secondary School for Boys.
- Sponsor students from among the students of the Royal Academy.
- Fund the educational expenses of vocational training students in cooperation with the Elia Nuqul Foundation (ENF).
- Support the Economic Youth Forum of the Jubilee School.

C. Humanitarian Initiatives:

- Support the charitable campaign that was launched on the first day of Ramadan.
- Support the annual fundraising event organized by the King Hussein Cancer Foundation.
- Support non-profit institutions and charitable societies, and offer assistance to quarters specialized in helping orphans and the needy, where the bank sponsors two homes from among the houses of SOS Children's Villages.
- Support the Royal Society for Healthcare that strives to enhance health awareness and enable the local community to follow sound health behavioral patterns.
- Support the institutions and societies of the physically challenged materially and morally, and this is exemplified in the bank's support of the Al-Hussein Cancer Center and the societies that are concerned with those with special needs.

- Sponsor 25 orphans from among the orphans of the Charitable Society for Supporting Orphans in the city of Mafraq.
- Distribution of food assistance and meals in the holy month of Ramadan to orphans in the Governorate of Mafraq, with the participation of the bank's employees.
- Present Eid gifts and meals to the SOS children's villages in Ramadan with the participation and contribution of the bank employees.
- Distribution of food assistance in Amman in cooperation with Tkiyet Um Ali (TUA), in addition to the participation of the bank employees in distributing them.
- Contribute to feeding 1,500 needy persons in Ramadan with the participation of the bank employees at the headquarters of the Tkiyet Um Ali (TUA).
- Support the Royal Society for The Conservation of Nature (RSCN).
- Contribute to defraying the financial costs of renting vehicles during the snowstorm in order to open the road inside the campus of the University of Jordan.
- Provide material support for the activities of the Royal Society of Fine Arts (RSFA).
- Provide material support to the Operation Smile Foundation by performing surgeries for children suffering from problems in their lips.
- Provide material support to the General Command of the Armed Forces.
- Provide material support to the Orphans Fund Development Foundation through bearing the registration fees related to a plot of land sold to the Foundation.
- Support the initiative "Jordanian Doctors in Support of Medicine in Palestine."
- Support the Jordanian Bridge Federation.

Capital Investments:

Capital Investments has maintained its leading position among investment companies, both local and regional, by offering the finest services in the all the investment banking fields. Despite the difficult conditions witnessed by the region in 2015 that emphatically affected the performance of investment companies, Capital Investments was able to achieve positive results at various levels where it raised its market share in all the fields of business operation: financial brokerage, finance of companies and assets management.

First, Financial Brokerage in the Regional, International and Local Markets:

The Department of Local Brokerage affiliated to the company continued its progress by maintaining its position as one of the three biggest financial brokerage firms operating in the Amman Stock Exchange, where the company succeeded through this department, to maintain its market share despite the decline in the overall trading volume in the local market by 26% in 2015 compared to the preceding year. Based on the dedication of the company to offer the best and most up to date services to its clients, the service of trading through the Internet was introduced in 2015, which would strengthen the competitive edge of the company in the local market.

The Department of Regional Brokerage occupies a leading position in the size of trading between the brokerage firms active in the regional markets, through its reliance on specialized teams insofar as dealing in those markets, where it is continually dedicated to intensively follow up on the news of companies and financial and technical analyses of the activity of markets in general, and the position of the companies listed in them in particular.

The Regional Brokerage Department was distinguished in 2015 by offering margin financing service in the regional markets and opening the gate to trading in the Iraqi market.

Moreover, the service of international brokerage is considered one of the pioneering services offered through Capital Investments and targeting companies and investors wishing to diversify their investment through direct involvement in the global financial markets, where the department offers a wide array of modern investment services, including the service of selling and buying global stocks and their derivatives as such share options and Exchange Traded Funds (ETF). Indeed, the Department of International Brokerage continued to expand its activities to enable the company clients to vary their investments and to directly enter more than 19 financial markets around the world from North Africa to Europe.

The department aims during 2016 to expand its activities where it will offer the service of electronic trading in shares for the clients, considered to be the only such service in Jordan, in order to provide the finest services to the company clients.

Second: Assets Management

The team of the Assets Management Department looks forward to establish a long-term partnership with each of the individual investors and institutions, through establishing and managing portfolios and investment funds designed especially for them so as to be harmonious with their goals and their investment determinants, whereby an investment policy is formulated that aims for the optimal distribution of assets based on a scientific methodology that embodies a fusion of the basic and technical analysis methods.

The activities of the Assets Management Department are divided into four main sections, namely:

- **Portfolio Management:** where it is taken into consideration the goals and determinants of investments for clients among individuals and institutions, and the optimal distribution of their portfolios in a manner compatible with the anticipated returns and an acceptable risk level.
- **Investment Funds:** Management of funds of specific strategies in the various markets of the Middle East and North Africa, in addition to management of Horizon Fund currently in existence.
- **Structured Investment Products:** Design and management of various kinds of these investment products such as portfolios with guaranteed capital.
- **Consulting Services:** Offer consulting financial services to the clients and help them to define their goals and introduce them to how to fulfill their needs, alongside restructuring their current investment portfolios.

The goals that the department aspires to achieve in 2016 include launching new investment funds that invest their monies in each of the stock markets and the fixed income instruments, and also the instruments that are compatible with the rules of Islamic Shari'ah Law issued in the markets of the Middle East and North Africa, alongside the striving to launch new structure investment tools in order to widen the base of its products.

Third: Corporate Finance:

The Companies Finance Department offers a wide array of investment consulting services, by relying on broad knowledge and technical experience possessed by the members of our team, where this department was able to build an excellent performance record in terms of successful operations, alongside dealing with a varied clients base that includes public and private institutions, and financial and governmental institutions.

The department strives to build long-term relations with its clients, coupled with a dedication to fulfill the financial requirements and strategic goals of each client, with a view to achieving the best results that ensure sustainable growth whilst maintaining excellent quality services in all that the department offers. The department's activities include the following:

- **Ownership instruments in the capital market:** This includes public and private subscriptions and initial public offerings (IPOs).
- **Debt instruments in the capital market:** This includes issuance of corporate bonds, Commercial Papers, and Islamic financial instruments, as well as management of the loans of banking agglomerations.
- **Financial consultations:** This includes operations related to mergers, acquisitions, structuring operations, assessment of companies, and specialized operations, in addition to consultations relating to the structure of capital and its distribution between debt and ownership rights.

National Bank of Iraq (NBI)

The National Bank of Iraq (NBI) offers excellent services to individuals and Iraqi commercial companies, both regional and international, by relying on a network of the correspondents of Capital Bank, where Capital Bank is considered the gateway of the National Bank of Iraq in terms of opening to the economies of the world through facilitating domestic and foreign transfers, and provision of the ceilings of letters of credit, and supporting the services of commercial finance.

Moreover, it is possible for the National Bank of Iraq through Capital Investment Company, the investment arm of Capital Bank, to trade on behalf of its clients in the Jordanian and global markets, in addition to offering the trading service in favor of its clients in the Iraq Stock Exchange (ISX) market, through a subsidiary company that is fully owned by it, namely Wahat Al-Nakheel Brokerage Company for sale and purchase of securities.

Moreover, the bank practices its activities through a basic and advanced banking system in order to buttress its growth and to serve its clients, in addition to the fact that the bank prepares its own financial reports in accordance with the highest international accounting standards, while its business activities are audited by international auditors.

Besides, the National Bank of Iraq (NBI) offers an integrated cluster of banking services to each of the individuals sector and the corporate sector that include:

- Customers' accounts of all kinds, such as current and savings account, and fixed deposits in both the Iraqi Dinars and the US Dollar or in any other major currencies.
- Ahli Jawaher accounts that enable the clients to easily and quickly save their funds in addition to the possibility to win one of the valuable prizes of these accounts.
- Service of transfer of salaries for all of the private sector companies, and governmental departments and ministries.
- Credit facilities for the individuals sector of all kinds (personal loans and credit cards among others).
- Specialized services offered to major companies, such as commercial services in terms of outgoing and incoming Letters of Credit and letters of guarantee, in addition to bank transfers, and bank credit facilities of all kinds, and dealing with foreign currencies and participating in the auction window of the foreign currency, not to mention services offered to SMEs.
- Services of financial brokerage through Wahat Al-Nakheel Company in terms of sale and purchase of securities.
- Provide advanced electronic channels in terms of the services of Visa Electron cards, ATMs, banking services via the Internet in addition to the specialized telephone service centers for responding to the inquiries of the bank's clients and providing immediate solutions to them.

Emanating from the strategic vision of the Capital Bank Group, and concurrently with the instructions of the Central Bank of Iraq, the National Bank of Iraq (NBI) effectively contributes to developing the Iraqi banking sector through applying the best international banking services and developing the products and services that serve the various segments of society, whilst providing to them the comprehensive financial solutions that enable them to develop their business while meeting their requirements with great ease and speed.

The ambitions and goals of the National Bank of Iraq (NBI) pivot around bolstering the competitive advantages of the products and services of the bank. This is done through developing the infrastructure of the electronic banking services, and developing the services of payment of salaries and entitlements due to their great importance for serving a wide segment of Iraqi society. Furthermore, strengthening the services of electronic payment whether through credit cards and prepaid cards or through electronic services through the Internet, where the bank seeks to enhance its clients' base through this targeted development, in addition to expanding the geographic spread of the bank's branches so as to cover all the governorates of Iraq.

In fact, the National Bank of Iraq (NBI) is keen to continue to develop its human cadres through holding specialized training workshops with a view to enhancing their practical skills and experiences, not to mention the continual keenness of the bank to strengthen the monitoring environment and compliance with the instructions and guidelines of the supervisory quarters given the importance of those matters in terms of reinforcing the confidence of the clients in the bank.

An Analytical View of the Domestic, Regional and Global Economic Performance

To honor our promise to you, the Analytical View of the Domestic, Regional and Global Economic Performance has become an essential part of the Annual Report of Capital Bank, in which we address the foremost local, regional and international economic developments, through which we present an analytical reading of the foremost economic indicators based on what occurred in the previous year, alongside what was forecasted in data and indicators, where a number of indicators relating to the performance and indicators of the markets will be presented concerning the current year, and their economic impact, in addition to the developments witnessed by the local banking sector, and the market trends for capital market insofar as their impact on economic growth.

This section sheds light on the indicators of global oil prices and expectations for the current year 2016, and their economic impact on the producing and importing states, and the rates of unemployment, the public debt developments and the general financial situation at the domestic level, in addition to the developments witnessed by the Jordanian banking sector, and the performance and trends of shares and bonds markets and the influence of this on economic growth.

Moreover, this report will address the economic situation in the Iraqi market, given its importance and connecting to the national economy and as a major trade partner, not to mention the role performed by Capital Bank as an ideal gateway for business in the area and in the Iraqi market in particular, through its subsidiary companies in the region. We hope that what we will present is of benefit and value.

Chairman of the Board of Directors
Bassen Khalil Al-Salem



The global economy faced in 2015 and at the beginning of 2016 numerous difficulties, foremost of which were the sharp fluctuations in the prices of oil and their decline, coupled with the lack of clear policies on the part of the producing states vis-a-vis decreased production, particularly in the shadow of the wish of some states to compensate for the decline in the prices by increasing their production or maintaining it; this is in addition to the decline in the expectations for growth in the global economy, particularly in China, and what followed this in fears of declining external demand, and the impact of this on the economies of the exporting, importing and producing countries all at once.

The plunging oil prices had a major impact on the budgets of the producing states in the Arab Gulf, where deficits increased and some states resorted to their currencies reserves and to borrowing at times, which influenced and is expected to continue to influence the level of demand in those countries and the level of spending on the capital and development project, and accordingly the growth rates were affected.

What concerns us in Jordan is the reflection of those developments on the countries of the Arab Gulf given that it is the natural and major gateway for Jordan, for the larger parts of Jordanian exports are for those markets, and are exposed to decline, in addition to the fact that 600,000 Jordanian expatriates are residents of those countries, which will be negatively reflected on the remittances of those working there, alongside the expectation for incoming tourism from those countries will recede, given that Jordan is the foremost destination of that tourism, particularly in the field of family tourism.

In 2015, the curtain was drawn on the unprecedented surge in the prices of oil, thereby signifying the end of five years in which the Jordanian economy suffered from a suffocating energy crisis that cast a heavy shadow on all sectors of the economy, beginning with the foreign reserves, the balance of trade and reaching through to the finances of the state and culminating with economic growth. In fact, the price of a barrel of Brent oil plunged by 55.1% between January 2015 and January 2016. This is among the positive developments contributing to improving the balance of trade in favor of the Kingdom due to the decline in the value of imports.

Also among the positive developments in the energy field in 2015 was the initiation of the operation of the natural gas jetty and the importation of natural gas from the world markets, as well as the regeneration of the large part of electric energy through gas, which led to a situation of equilibrium between revenues and expenses for the National Electric Power Company, and the government actually stopped the programmatic raising of the electricity tariff as a consequence of this, and starting to think of a plan for payment of the debts of the National Electric Power Company guaranteed by the government. Moreover, the year of 2015 witnessed the operation of the first project for producing electric power from the wind energy in the Ghrandal area, which represents a prelude to coming projects in terms of solar energy and shale oil.

As to expectations relating to oil prices in the global market: Despite the fact that the prices of Brent crude oil reached on 20 January \$27.1, which is the lowest level reached since October 2003, the prices somewhat recovered, and the World Bank modified its forecast for the average of price of a barrel of Brent oil to be \$41 in 2016 compared to \$37 per barrel according to the forecasts of last January 2016, driven by end of sanctions on Iran and the retrenchments in the expectations for global economic growth, increase in production, and commencing export of crude oil to the US.

Economic Growth is Below Expectations:

Gross Domestic Product growth in the Kingdom in 2015 was below expectations. This was due to the continuation of the impact of external shocks related to the repercussions of the Syrian crisis and the cessation of direct exports to the Iraqi market; in addition to the decline in direct Jordanian investment and tourism due to the political, monetary and security instability in the region.

The report of the Economic Observatory for the Middle East and North Africa – a report issued by the World Bank in March 2016 – forecasted that the economic growth in Jordan would improve to reach 3% in the current year, assuming that the security situation does not deteriorate in the area. Also, the average total growth in Jordan declined in 2015 to 2.4%, which represents the lowest rate in four years. This in turn led to a sharp increase in the rate of unemployment, which reached 13% in 2015 thereby registering an increase of 1% relative to its level in 2014. To make matters worse, there was a slight recession in 2015 due to the continued plunge in the global prices of oil, the weakness of the Euro, the negative production gap, and the decreasing pressures of demand that were evident in the previous years.

On the other hand, the Ministry of Finance anticipated in the public budget statements of 2016 for the Gross Domestic Product at fixed prices to grow by 3.7% in 2016 and 4.5% for both 2017 and 2018, and it is also expected for the nominal GDP to grow by around 7% for 2016, 2017 and 2018.

The most prominent sectors that contributed to this growth were the financial and insurance sectors, transport, communications and governmental services, water and electricity, while the construction sector witnessed the biggest decline in the same period.

Positive Results for the Activity of Companies in 2015

In spite of all the circumstances that the national economy is witnessing, the public shareholding companies listed in the Amman Stock Exchange have achieved positive results and the relevant indicators began to appear for the fiscal year in its entirety. As for banks, their financial results were less than the expected levels as a result of the repercussions of the crises experienced by the countries of the region and their influence on the Kingdom and its economy, which was hit by many external shocks.

The profits of a significant number of banks declined while some registered below hoped for results when compared to the total assets of the banks, which are almost JD47 billion representing around two-fold the expected GDP in 2015.

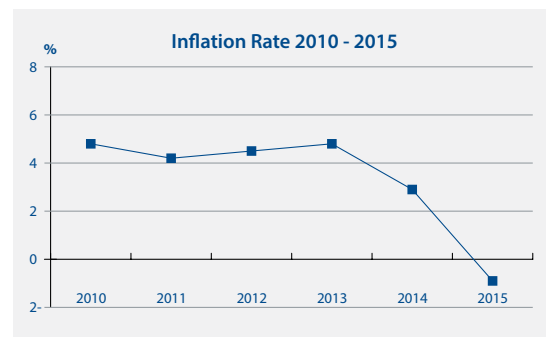
In fact, bank profits before taxes rose by 6% in 2015 to reach JD874 million compared to JD822 million in 2014, and the total assets of banks active in the Kingdom rose by a ratio higher than the growth of the gross domestic product and amounted to 5%, whereby the total assets amounted to JD47.8 billion in 2015. Moreover, the credit facilities grew at rates higher than the previous years, and of a ratio amounting to 10% in 2015. Moreover, the rate of dollarization (that is converting deposits from the national currency to the Dollar) decreased in the Kingdom to 16.9% in January of this year from 24.8%, which is the highest level reached in 2011. The latter clearly indicates the growth of deposits in the Jordanian Dinar.

As for the level of the audited companies results, the number of companies which have disclosed their results in 2015 amounted to 218 companies out of 233 companies listed in the Amman bourse, while the number of profitable companies numbered 133 companies, and the number of companies with losses were 85, whilst the profit multiplier of the market was 13,084 times. Moreover, the net profits of the companies that declared their results for the third quarter of 2015 were JD933.3 million compared to JD904 million for the third quarter of the previous year; that is an increase of 3.21%.

As for the share weighted index available for trading in the Amman bourse, it declined by 1.35% to reach 2,136.3 points in 2015 compared to 2,165.5 points at the end of 2014, after reaching the apex of 2,236.8 points at the beginning of the year. This slight decline was accompanied by a rise in the volume of trading in 2015 to JD3.4 billion with a rise of 51% compared to JD2.3 billion in 2014.

Negative Inflation in 2015

The index figure for the Consumer Price Index (inflation) fell in 2015 by 0.9% compared to 2014. With this trend continuing into the beginning of 2016, this means a decline in economic activity that produces a drop in the treasury revenues from the sales and income taxes, and hence not reaching the targeted levels in domestic revenues. This results in an increase in the budget deficit relative to the targeted levels, and hence the continued need for borrowing, domestically and externally, which is accompanied by pressures at the level of public debt and servicing it.



Among the most prominent groups which have contributed to this decrease is "Transportation" by 14.2%, "Fuel and Lighting" with a ratio of 13.3%, "beverages and drinks" with a ratio of 1.5%, "personal belongings" by 3.5%, while the foremost commodities groups whose prices rose was rents by 4.9%, "education" by 3.1%, "tobacco and cigarettes" by 3.5%, and "fruits and nuts" by 4.8%.

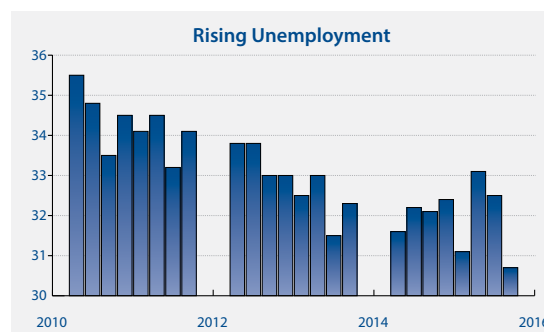
The Ministry of Finance forecasts for the rate of inflation measured by the relative change in the Consumer Price Index to amount to around (3.1%) in 2016 and around (2.4%) in 2017, and (2.1%) in 2018.

Unemployment Increased in 2015

The rate of unemployment in the Kingdom is among the indicators that reflect the political and security instability in the region on the one hand, and the influence of those disturbances on economic activities on the other, where the rate of unemployment in the Kingdom rose to 13.6% in 2015 compared to 12.3% in 2014.

The rate of unemployment among males amounted to 11.7% while being 23% among females, and the highest unemployment rate was registered for the age group 20-24, where the rate amounted to 32.1%, and the ratio of employed of an age of 15 years and more amounted to around 32.4%, which signifies that the high ratio of family support in Jordanian society remains the predominant characteristic in the job market. Moreover, the rate of crude economic participation (manpower relative to the total population) amounted to around 21.6% and the revised participation rate in economic activity (manpower relative to the population – 15 years and above) amounted to 35.5%.

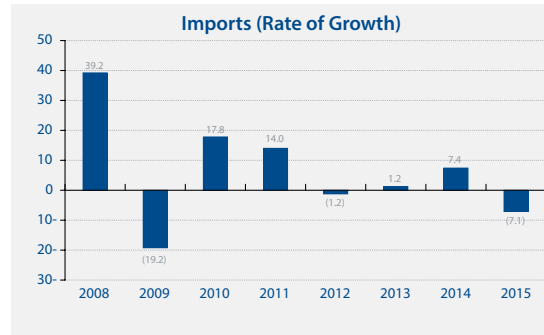
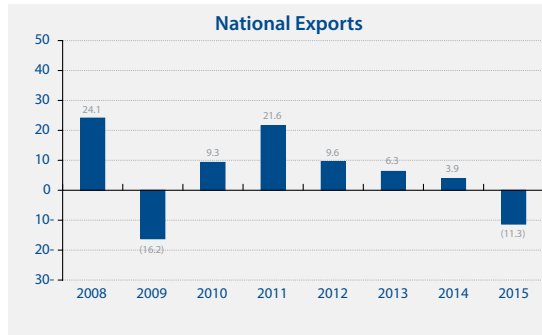
The high rate of unemployment is attributable to the slump in economic activity and the increasing pressures arising from Syrian migration. It is also attributable to the external environment that has become more prepared for supporting the rise in the rate of unemployment in the Kingdom, where the plunging oil and gas prices contributed to a large financial deficit in the budgets of Arab Gulf countries that have impacted the economic activities and growth there. This entails the risk of the return of numbers of Jordanians working in the Gulf, whereby they would compete with job seekers in the local job market that is presently overwhelmed with job seekers.



Significant Indicators:

The Ministry of Finance anticipates for the national exports to grow by 5.0% in 2016 and by 5.8% and 6.2% for the years 2017 and 2018, respectively. Moreover, commodities imports are to grow by 2.5% in 2016 and 2.7% and 3.5% for the years 2017 and 2018, respectively.

Meanwhile, it anticipates for the price of a barrel of oil in 2016 to be around \$60, and for the current account deficit in the balance of payment as a ratio of the GDP for 2016 to be around (6.6%) whereby this ratio would decrease to 6.3% in 2017 and then to 5.6% in 2018.



As for the foreign currencies reserves maintained by the Central Bank of Jordan, those amounted to around \$15 billion on 31/12/2015, which are sufficient to cover around 8 months of the imports of the Kingdom in terms of goods and services. Meanwhile, at the level of public finance, and according to the revised figures, the public revenues registered in 2015 a decrease of 6.1% relative to 2014, in addition to a drop in the sales tax revenues for oil derivatives due to a decrease in their prices. Moreover, public spending registered a decrease of 1.4% relative to the year of 2014, and as a consequence of this the deficit after grants in 2015 rose by JD332 million relative to 2014 to be in the amount of JD910 million or a ratio of 3.4% of the GDP compared to 2.3% in 2014.

Regarding the debt, the net public debt at the end of 2015 amounted to around JD22,848 million or the ratio of 84.2% of GDP compared to 80.8% at the end of 2014, while the net public debt for the end of the first quarter of the current year amounted to JD23.3 billion, which represents 86.6% of the product estimated for the end of March 2016, it being noted that the debt of the National Electric Company and the Water Authority amounts to around JD6.7 billion.

With the rise in the ratio of the total exports relative to imports to 41.7% in 2015 compared to 34.8% in 2014, the pressures will lessen on the reserves of the Central Bank of Jordan in foreign currencies that cover around eight and a half months of the imports of the Kingdom.

Furthermore, with the continued reduction by the Central Bank of Jordan of the interest rate in 2015, it was one of the factors of economic stimulation, and we expect that this policy will continue in the current year even though the Federal Reserve Board moved the interest rates on the dollar 25 basis points after a stoppage that lasted more than 10 years.

These forecasts embody a good deal of optimism, for they did not take into consideration expectations for the levels of direct financial assistance from Arab Gulf states to decline – states that have begun to suffer from deficits that have forced some of them to resort for the first time to reserves and to borrowing, or for the remittances of Jordanian workers there to decline as occurred in the second half of 2015 and the first two months of the current year.

Item (JD million)	Budget 2015	Budget 2016	Rate of Change
Tax revenue	4,370	4,597	2.5%
Non-tax revenues	1,910	2,178	14%
Foreign Aid	1,128	814	-8.27%
Total revenue	7,408	7,589	4.2%
Current expenditure	6,702	7,185	2.7%
Capital expenditure	1,175	61,310	5.11%
Total expenditure	7,876	78,495	-01.0%
Budget deficit	915	907	
% of GDP	4.3%	1.3%	
Deficit of independent public agencies	998	376	-62%
% of GDP	7.3%		

The foremost observation to be made about the 2016 budget is the government's exceeding the ceiling of public spending, both current and capital, decided in the indicators presumed in the Budget of 2015 for the three years that follow by around JD500 million. Moreover, the budget estimates for the revenues to rise by around half a billion JD in the current year without there being what would assist it, especially in terms of the expected growth in the GDP that entails a lot of optimism related to positive developments in the political and security situation in the region.

What is positive in the budget of 2016 is its conservatism in estimating the price of oil, where the government anticipated \$60 as the average price of a Brent crude oil barrel, which are conservative estimates and significantly higher than the price forecast by the World Bank for oil this year, namely an average of \$37 per barrel.

Public Debt

Item	Budget 2015 (Million JD)
Budget Deficit	907
Deficit of the Government Units	376
Finance Gap	1,283

Financial Budgets In the General Budget

Sources	Amount
External Loans to Finance Capital Projects	21,550
Loans of International Institutions to Support the Budget	5,631
Other Loans	4,815
Domestic Loans	5,506

Budgets of Government Units

Total Surplus before Financing	7,143
Foreign Loans to Finance Capital Projects	7,138
Reserves	3,255
Domestic Loans	6,790

The government anticipates for the size of the public debt to remain around 90% of the expected GDP for 2016, which is a ratio that is much higher than the targeted ratio and far exceeds the ratio specified in the Public Debt Law, namely 60%. It is a ratio that is not effectuated according to the law, given that enforcing it requires a decision from the Council of Ministers.

Trade Between Jordan and Iraq...Considerable Damage and Optimistic Expectations

It is undoubtedly the case that the Jordanian economy faced in 2015 numerous economic difficulties under the influence of unstable regional conditions, most importantly the decline in the volume of trade with the largest and most important of the strategic markets, namely Iraq. This produced major ramifications for the Jordanian economy that considerably spiraled upon the complete closure of the borders.

Jordanian Iraqi relations should be viewed within a strategic perspective, even though the security conditions have hindered their accelerated development. However, the ambition to deepen them continues to exist, and lately Jordan and Iraq both endeavored seriously to restore the sound trajectory of those relations whereupon the two countries concentrated on completing the pending economic projects, particularly the Iraqi Jordanian oil pipeline project "Basra-Aqaba". For Iraq, this project provides a new and safe outlet for exporting its oil production while Jordan perceives the project as a solution that may contribute to lessening the intensity of the energy crisis. In addition to that is the revival of the project of connecting the two countries by railway, after its implementation was postponed several times. This is a giant project that aims to expand the base of foreign trade between the two countries and open new economic horizons for both neighbors.

The year 2015 was an exceptional one in view of the development of economic relations between Jordan and Iraq. Indeed, Jordanian exports to Iraq doubled from \$530 million in 2007 to \$1.25 billion in 2013, and industrial products accounted for more than 90% of Jordanian exports to Iraq, which include car spare parts, chemical materials, minerals and clothes, in addition to other products such as vegetables, fruits, dairy products and viands.

Yet, with the spiraling violence in Iraq, trade between the two countries declined considerably, and for the first time trade plummeted between the two countries against the backdrop of a deterioration of the security situation; and with the exacerbated conditions, there was a partial closure of the border prior to total closure whereby the movement of trucks came to a complete standstill, while agricultural exports and the flow of goods stopped. For example, Jordanian exports to Iraq were significantly affected due to the closure of land outlets to Iraq, where Jordanian exports to Iraq during the first eleven months of 2015 amounted to around \$640.7 million compared to \$1,084.3 million during the same period of 2014, thereby registering a decrease of around 41%, which forced Jordan to strive to find alternative routes inside Iraqi territories in order to ensure the easy flow of trade after closure of the Treibel border crossing, the sole crossing for industrial exports that constitute around 90% of Jordanian exports. However, those alternative routes were more costly.

Jordanian exports to Iraq exceeded one billion Dollars annually, thereby being the foremost destination of Jordanian exports, prior to the deterioration of the security situation in both Iraq and Syria, which caused losses of more than JD170 million monthly (JD70 million) for Iraq, and (JD100 million) for Syria. A manifestation of the size of damages was that the Jordanian free zones sustained direct losses in the amount of \$400 million, for the Iraqi market alone accounts for 50% of the activity of those zones. Hence, the closure of the Iraqi Treibel crossing had the greater impact on the decline of total exports in the Jordanian free zones in 2015.

It is expected for the year 2016 to witness a gradual recovery by starting to open the borders with Iraq, particularly since the Jordanian government exerted arduous efforts to ensure the opening of the crossings with Iraq as quickly as possible – concurrently with the beginning of the control of the Iraqi government of the areas abutting the border.

Impact of Syrian Refugees, Economically and Socially

The Syrian crisis, which is entering its fifth year, cast its shadow on the neighboring countries including Jordan, where the Kingdom received, according to official estimates, around 1.3 million Syrian refugees, who represent a source of pressure at all levels, security, social, economic and political.

Thus, since the outbreak of violent battles in Syria, Syrian refugees started to flow into the Kingdom, which had just begun to reap the fruits of economic reforms that were implemented during the previous years. Undoubtedly, the flow of refugees represents and continues to represent a genuine threat to all those accomplishments.

Jordan carries the burdens of crises that it did not produce, and played a pivotal role in achieving security and stability at the level of the region, based on its national and humanitarian positions, even though the problem of Syrian refuge in Jordan is a part of a regional and international problem.

In fact, the message of His Majesty King Abdullah II to the international community was clear and moving, delivered as it was at the Donors for Syria Conference in London, concerning the burden borne by the Kingdom as a result of the Syrian refugees, and His Majesty conveyed the voice of every Jordanian man

and woman to the donors conference whilst focusing in parallel on the states, governments and host communities, particularly the Jordanian people that have borne for more than five years considerable burdens.

Numerous studies have estimated that the cumulative cost of Syrian refuge amounted to around JD5.8 billion until the end of the previous year, while the cumulative total of the estimated costs of the crisis effects amounted to between JD4.2 billion and JD5.1 billion, not to mention the un-estimated costs to the Jordanian economy and society that resulted in a decline in the standard and quality of education and the quality of the graduates of schools in host schools insofar as the future of education and the graduates of public educational institutions.

On the other hand, a study conducted by the International Labor Organization emphasized the rise in the rate of unemployment among Jordanians in the host communities in Amman, Irbid and Mafraq, which increased between 2011 and 2014 from around 30-40% among women, and from 10%-17% among men. The study found that the rate of unemployment among Jordanians in three areas of a high concentration of Syrian refugees, namely, Amman, the Irbid Governorate, and Mafraq in the north of the Kingdom rose from 14.5% to 22.1% between 2011 and 2014.

The education sector alone bears JD250 million annually, and also the hospitals where the number of visits to public hospitals amounted to around one million visitors at the start of the crisis. Those numbers contributed to increasing the rate of consumption of medicines by around 30% and the rate of occupancy of hospital beds in the hospitals is 100% in the northern governorates, in addition to medical supplies, equipment, ambulance cars of a ratio exceeding 30%. Moreover, the presence of Syrians in Jordan led to an increase of demand for water by 20%, whilst the ratio reached 40% in the northern governorates.

Banking Sector:

The indicators of the financial robustness of banks continued to improve, where the data of the Central Bank of Jordan indicate that the ratio of non-performing loans decreased in the first half of 2015 to reach the best level since around 12 years, and they are likely to decrease by a larger ratio due to the positive results declared by the banks after the end of the fiscal year 2015. This ratio was highest in 2003, and amounted to 15.5% and began to rise since the beginnings of the impact of the global financial crisis on the domestic market in 2009. Moreover, the ratio of coverage of non-performing loans rose in the first half of 2015 to 79.7% compared to 77.6% in 2014. However, this ratio is expected to decrease in the current year after most banks took the allocations against doubtful loans, and the ratio of capital adequacy was near to its level in 2014, where in the first half of 2015 it was around 18.45%, which is a very comfortable ratio given that it is higher than what the Central Bank of Jordan requires, namely 12% and the Basel II requirements amounting to 8%. In view of the indicators of profitability of banks, the net return on the shareholders' equity in banks amounted to 11.1% in the first half of 2015, thereby reaching the highest level since 2009, and reverting to its levels prior to the global financial crisis. There is a new development related to the activity of banks, particularly Islamic banks, namely that the government has begun to finance some activities through issuing Islamic financial instruments related to the activities of the National Electric Power Company, which have opened the gate for financing other activities insofar as the government or public shareholding companies are concerned.

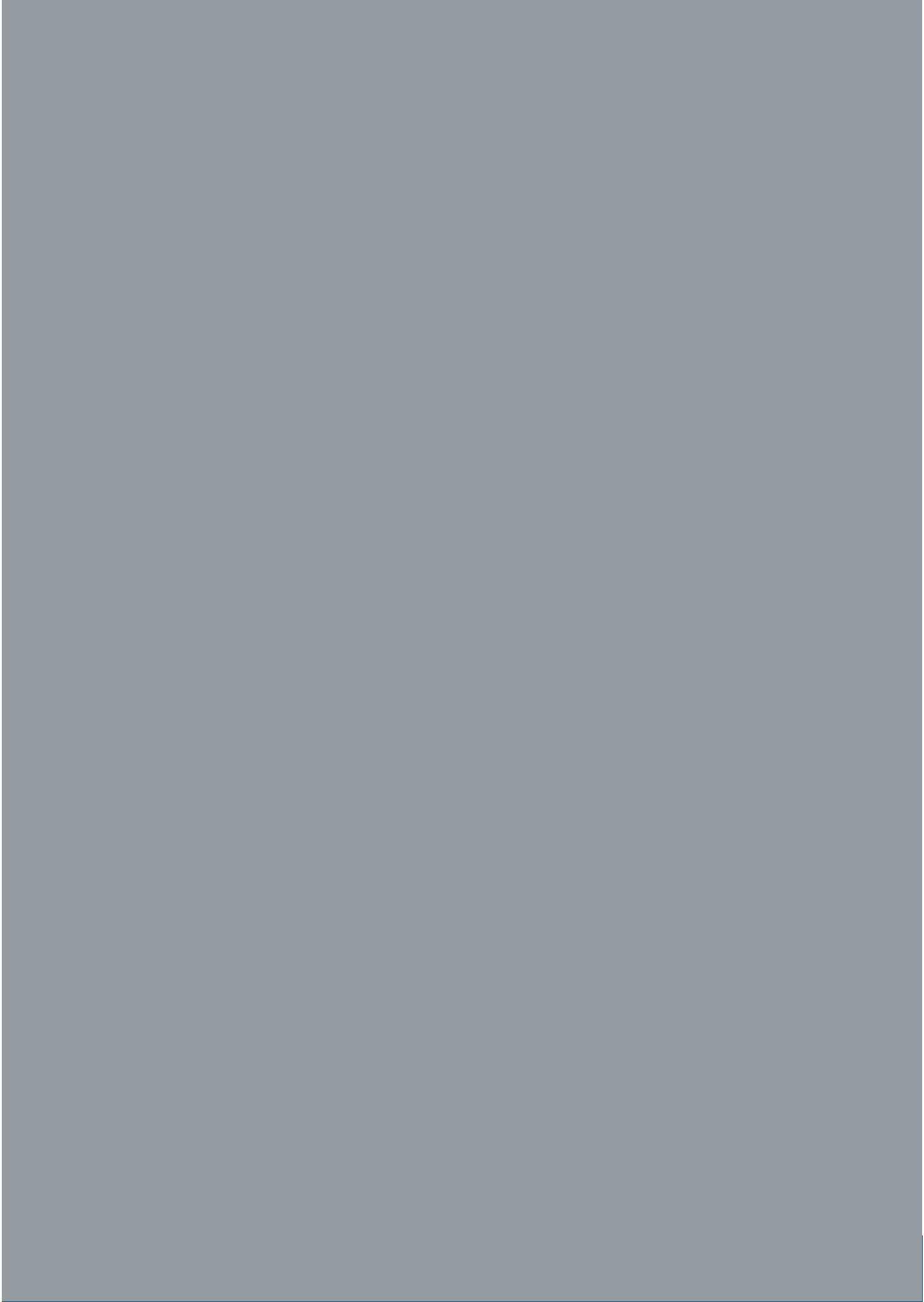
Capital Bank: A Local and Regional Role

Capital Bank is considered the ideal gateway for engaging in business activity in the region by virtue of a network of branches and offices spread out in the area, and particularly those recently established: where the bank has had a presence in the Iraqi market since 2005 by virtue of owning the larger share of the National Bank of Iraq (NBI), which was able in the past decade to accumulate experiences in manifold fields and to impose itself as a strong player in the Iraqi market. Moreover, the bank has a presence in the Dubai International Financial Centre (DIFC) through an office specialized in the affairs of investment for financing companies Capital Bank Corporate Advisory (DIFC), and the diversity of experiences and the geographic spread of companies and the arms of the Group have together contributed to interaction between its components parts so as to offer the best it has.

Why Iraq?

The Iraqi economy has all the elements necessary for growth and economic development, beginning with natural resources, and continuing through demographic factors, and culminating with its need for reconstruction, where Iraq is endowed with the fourth largest oil reserves at the global level, in addition to an immense reserve of natural gas, where it occupies the eleventh rank globally insofar as natural gas reserves are concerned. Moreover, it possesses numerous attractive demographic factors, for it is a youthful society, with most of its reputation under the age of 20, and the country is in urgent need of reconstruction projects after wars and conflicts ravaged the infrastructure and depleted its material resources, which means high financial expenses where the local banks have an important role to play. For Iraq to overcome this crisis and secure sources of finance, several factors have to come into play. However, there is room for optimism. First are the developments of the military situation. Second is the agreement reached with the IMF for a conditional loan of \$5.4 billion, for a term of three years, in return for decreasing expenditure and increasing non-oil revenues, as well as payment of arrears to oil companies worth billions of dollars.

Over three years, this spending will open the way for international aid to Iraq reaching \$18 billion, which will play a significant role in strengthening the confidence of donor quarters in the Iraqi economy and that will pave the road for obtaining more financing, in addition to the expectation of sale of international bonds of a value of two billion Dollars in the last quarter of this year when the international assistance begins to flow, which will help in decreasing the cost of borrowing.



The best of partnerships
are those that produce
achievements, and the best
achievements are those that last

Because we believe that the small and
medium enterprises sector is the main
driving force of the national economy,
we strive to design special products
tailor-made for your needs to grow your
enterprise.



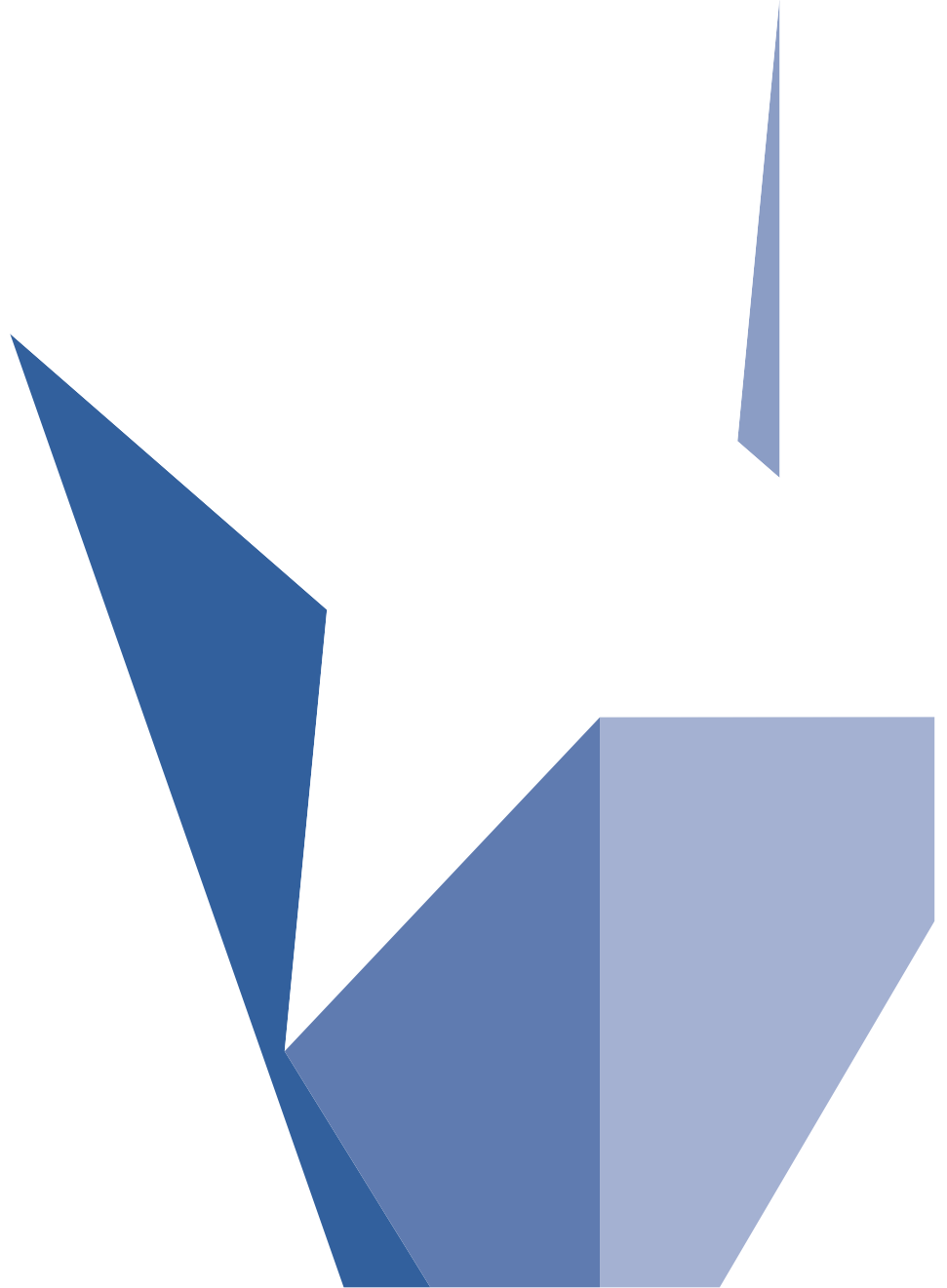
Corporate Governance Code

Dear bank shareholders,

We would like to notify you that the Corporate Governance Manual has been uploaded at the following link:

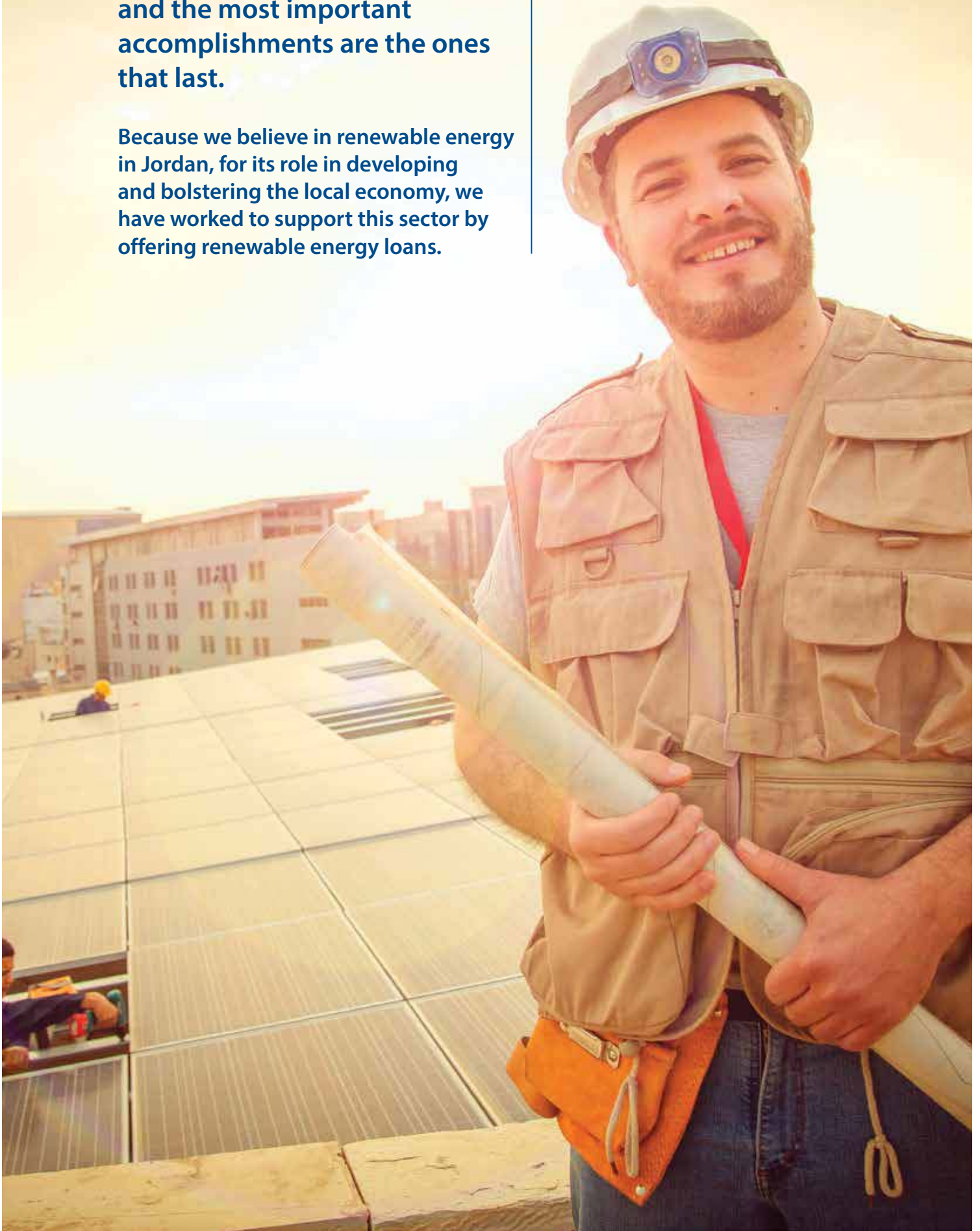
<http://www.capitalbank.jo/ar/content/389>

It is noteworthy that the board of directors of the bank has adopted the manual and is now waiting final approval from the Central Bank of Jordan.



The best partnership is the one that will bear fruition, and the most important accomplishments are the ones that last.

Because we believe in renewable energy in Jordan, for its role in developing and bolstering the local economy, we have worked to support this sector by offering renewable energy loans.



Capital Bank Of Jordan
Consolidated Financial Statements
31 December 2015





Ernst & Young Jordan
P.O. Box 1140
Amman 11118
Jordan
Tel : 00 962 6580 0777/00 962 6552 6111
Fax: 00 962 6553 8300
www.ey.com/me

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CAPITAL BANK OF JORDAN
AMMAN - JORDAN**

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **CAPITAL BANK OF JORDAN** (a public shareholding company) "the Bank", which comprise the consolidated statement of financial position at 31 December 2015 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Board of Directors 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.

Auditors' 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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other Legal and Regulatory Requirements

The Bank maintains proper accounting records, and the accompanying consolidated financial statements and financial information presented in the Board of Directors' report are in agreement therewith and we recommend approving these consolidated financial statements.

Amman – Jordan
6 June 2016

Capital Bank Of Jordan

Consolidated Statement of Financial Position

As of 31 December 2015

	Notes	2015	2014
		JD	JD
Assets			
Cash and balances at central banks	4	345,676,987	325,118,703
Balances at banks and financial institutions	5	184,650,731	147,980,172
Deposits at banks and financial institutions	6	15,158,414	12,168,358
Financial assets at fair value through income statement	7	3,374,239	14,673,834
Financial assets at fair value through other comprehensive income	8	6,106,779	5,400,417
Direct credit facilities, net	9	910,492,278	794,414,558
Financial assets at amortized cost	10	377,457,019	554,920,960
Financial assets pledged as collateral	11	-	37,473,878
Property and equipment, net	13	30,065,873	27,173,329
Intangible assets, net	14	4,225,580	9,424,953
Deferred tax assets	23	8,235,623	7,643,911
Other assets	15	100,787,786	125,296,446
Total Assets		1,986,231,309	2,061,689,519
Liabilities And Equity			
Liabilities			
Banks and financial institutions' deposits	16	45,841,305	168,920,337
Customer deposits	17	1,345,141,109	1,234,139,403
Margin accounts	18	116,442,118	143,063,492
Loans and advances	19	84,314,093	94,776,873
Subordinated loan	20	17,725,000	17,725,000
Secondary loan (convertible to shares)	21	7,672,563	9,800,890
Sundry provisions	22	12,035,722	125,000
Income tax provision	23	7,870,942	12,786,692
Deferred tax liabilities	23	862,360	343,638
Other liabilities	24	23,975,684	35,127,067
Total Liabilities		1,661,880,896	1,716,808,392
Equity			
Equity attributable to the Bank's shareholders			
Issued and paid in capital	25	200,000,000	181,500,000
Additional paid in capital		709,472	709,472
Statutory reserve	27	30,116,739	28,458,986
Voluntary reserve		9,690	9,690
General banking risk reserve	27	8,882,456	8,999,012
Foreign currency translation adjustments	28	379,962	5,647,798
Fair value reserve	29	(1,407,974)	(1,156,006)
Equity component of the convertible loans	21	-	1,022,784
Retained earnings	31	30,777,787	56,919,132
Total equity attributable to the Bank's shareholders		269,468,132	282,110,868
Non-controlling interest		54,882,281	62,770,259
Total Equity		324,350,413	344,881,127
Total Liabilities and Equity		1,986,231,309	2,061,689,519

The accompanying notes from 1 to 55 are an integrated part of these consolidated financial statements.

Capital Bank Of Jordan

Consolidated Statement Of Income

For the Year Ended 31 December 2015

	Notes	2015 JD	2014 JD
Interest income	32	100,314,213	108,721,849
Interest expense	33	43,177,480	54,806,726
Net interest income		57,136,733	53,915,123
Net commission income	34	15,766,986	20,562,158
Net interest and commission income		72,903,719	74,477,281
Gain from foreign currencies	35	5,269,425	2,296,325
(Loss) gain from financial assets at fair value through income statement	36	(4,409,815)	1,876,401
Dividends income from financial assets at fair value through other comprehensive income		68,144	105,418
Net gain from financial assets at amortized cost		-	56,569
Other income	37	1,733,549	12,694,436
Gross profit		75,565,022	91,506,430
Employees' expenses	38	18,124,484	16,188,141
Depreciation and amortization	13,14	3,823,218	3,606,383
Other expenses	39	16,118,600	13,077,806
(Gain) loss on sale of seized property		(1,356,394)	224,496
Impairment losses on direct credit facilities	9	8,756,722	7,682,930
Impairment losses and other sundry provisions	40	19,040,578	620,114
Total expenses		64,507,208	41,399,870
Income before tax		11,057,814	50,106,560
Income tax expense	23	9,988,942	13,791,784
Income for the year		1,068,872	36,314,776
Attributable to:		4,932,352	33,521,823
Bank's shareholders		(3,863,480)	2,792,953
Non - controlling interest		1,068,872	36,314,776
		JD/Fils	JD/Fils
Basic and diluted earnings per share	41	0/025	0/168

Capital Bank Of Jordan

Consolidated Statement Of Comprehensive Income

For the Year Ended 31 December 2015

	2015	2014
	JD	JD
Income for the year	1,068,872	36,314,776
Add: Other comprehensive income items to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation adjustments	(7,756,671)	2,506,348
Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:		
Loss from partially sale of investment in subsidiaries – net of tax	-	(648,416)
Change in financial assets at fair value through other comprehensive income	(497,350)	453,889
Total other comprehensive income for the year, net of tax	(8,254,021)	2,311,821
Total comprehensive income for the year	(7,185,149)	38,626,597
Attributable to:		
Bank's shareholders	(587,452)	34,751,771
Non-controlling interest	(6,597,697)	3,874,826
	(7,185,149)	38,626,597

Capital Bank Of Jordan

Consolidated Statement of Changes in Owners Equity

For the Year Ended 31 December 2015

	Reserves										Non-controlling interest	Total equity
	Issued and Paid in Capital	Additional paid in capital	Statutory	Voluntary	General banking risk	Foreign currency translation adjustments	Fair value reserve	Equity component of the convertible loan	*Retained earnings	Equity attributable to the Bank's shareholders		
31 December 2015	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Beginning Balance	181,500,000	709,472	28,458,986	9,690	8,999,012	5,647,798	(1,156,006)	1,022,784	56,919,132	282,110,868	62,770,259	344,881,127
Comprehensive income for the year	-	-	-	-	-	(5,267,836)	(251,968)	-	4,932,352	(587,452)	(6,597,697)	(7,185,149)
Capital increase fees	-	-	-	-	-	-	-	-	(142,500)	(142,500)	-	(142,500)
Transferred to reserves	-	-	1,657,753	-	(116,556)	-	-	-	(1,541,197)	-	-	-
Equity component of convertible loans (Note 21)	-	-	-	-	-	-	-	(1,022,784)	-	(1,022,784)	-	(1,022,784)
Stock dividends (Note 26)	18,500,000	-	-	-	-	-	-	-	(29,390,000)	(10,890,000)	-	(10,890,000)
Share of non-controlling interest in dividends from subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,290,281)	(1,290,281)
Ending balance	200,000,000	709,472	30,116,739	9,690	8,882,456	379,962	(1,407,974)	-	30,777,787	269,468,132	54,882,281	324,350,413
31 December 2014												
Beginning Balance	165,000,000	709,472	23,049,227	9,690	7,559,006	4,076,324	(1,462,896)	1,022,784	64,197,383	264,160,990	60,130,368	324,291,358
Comprehensive income for the year	-	-	-	-	-	1,571,474	306,890	-	32,873,407	34,751,771	3,874,826	38,626,597
Capital increase fees	-	-	-	-	-	-	-	-	(301,893)	(301,893)	(104,712)	(406,605)
Transferred to reserves	-	-	5,409,759	-	1,440,006	-	-	-	(6,849,765)	-	-	-
Dividends	16,500,000	-	-	-	-	-	-	-	(33,000,000)	(16,500,000)	-	(16,500,000)
Share of non-controlling interest in dividends from subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,130,223)	(1,130,223)
Ending balance	181,500,000	709,472	28,458,986	9,690	8,999,012	5,647,798	(1,156,006)	1,022,784	56,919,132	282,110,868	62,770,259	344,881,127

* Retained earnings include JD 8,235,623 which represents deferred tax assets as of 31 December 2015 (31 December 2014: JD 7,643,911) According to the Central Bank of Jordan's regulations these balances are restricted.

* Retained earnings include JD 1,689,282 which represents unrealized gain as of 31 December 2015 (31 December 2014: JD 1,635,042) as a result of early adoption of IFRS9. This amount is not available for distribution as per Securities and Exchange Commission.

- An amount equal to the negative balance of fair value reserve is restricted of retained earnings.

- The general banking risk reserve is restricted from use without prior approval of the Central Bank of Jordan.

The accompanying notes from 1 to 55 are an integrated part of these consolidated financial statements.

Capital Bank Of Jordan

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2015

	Note	2015 JD	2014 JD
Operating Activities			
Profit before income tax		11,057,814	50,106,560
Adjustments for Non-Cash Items			
Depreciation and amortization		3,823,218	3,606,383
Impairment loss on direct credit facilities		8,756,722	7,682,930
loss from revaluation of financial assets at fair value through Income statement		172,257	991,840
Impairment losses and other sundry provisions		19,040,578	620,114
Net accrued interest		(442,921)	172,478
Effect of exchange rate changes on cash and cash equivalents		(5,215,265)	(2,295,049)
Cash flows from operating activities before changes in assets and liabilities		37,192,403	60,885,256
Changes in assets and liabilities			
Restricted balances		(2,007)	(2,512)
Balances at central banks		(134,208,191)	-
Deposits at banks and financial institutions		(2,990,056)	(6,008,358)
Financial assets at fair value through Income statement		11,127,338	(4,960,710)
Direct credit facilities		(129,373,658)	(124,801,139)
Other assets		19,969,532	2,758,229
Banks and financial institutions' deposits maturing after more than three months		(37,270,000)	18,000,000
Customers' deposits		117,285,181	91,319,004
Margin accounts		(24,875,203)	37,660,361
Other liabilities		(10,093,404)	9,716,927
Paid sundry provisions		(113,000)	-
Net cash flow (used in) from operating activities before income tax		(153,351,065)	84,567,058
Income tax paid		(14,836,007)	(12,477,965)
Net cash flow (used in) from operating activities		(168,187,072)	72,089,093
Investing Activities			
Purchase of financial assets at fair value through other comprehensive income		(1,296,437)	(405,189)
Purchase of financial assets at amortized cost		(68,808,871)	(207,352,329)
Matured financial assets at amortized cost		246,272,812	157,636,682
Change in financial assets pledged as collateral		37,473,878	71,691,165
Purchase of property and equipment		(5,018,266)	(5,130,602)
Sale of property and equipment		15,970	75,820
Purchase of intangible assets		(1,009,897)	(2,645,389)
Net cash flow from investing activities		207,629,189	13,870,158
Financing Activities			
Capital increase fees		(142,500)	(406,605)
Proceeds from loans and borrowings		82,566,780	81,364,685
Repayment of loans and borrowings		(93,029,561)	(133,954,118)
Repayment of secondary loan (convertible to shares)		(3,151,111)	(3,151,111)
Cash dividends		(10,655,654)	(17,084,599)
Net cash flow used in financing activities		(24,412,046)	(73,231,748)
Net increase in cash and cash equivalents		15,030,071	12,727,503
Effect of exchange rate changes on National Bank of Iraq		(11,417,659)	4,165,401
Effect of exchange rate changes on cash and cash equivalents		5,215,265	2,295,049
Cash and cash equivalent at the beginning of the year		342,334,951	323,146,998
Cash and cash equivalent at the end of the year	43	351,162,628	342,334,951

Capital Bank of Jordan

Notes to the Consolidated Financial Statements

31 December 2015

1 General Information

The Bank is a public shareholding company registered and incorporated in Jordan on 30 August 1995 in accordance with the Companies Law No. 1 of (1989). Its registered office is in Amman.

The Bank provides its banking services through its twelve branches located in Amman - Jordan and its subsidiaries Capital Investment and Brokerage Company in Jordan Ltd, National Bank of Iraq in Iraq, and Capital Investment Fund Company in Bahrain, and Capital Bank Corporate Advisory (Dubai International Finance Center Ltd).

The Bank has subsequently increased its capital during prior years from JD 20 million to reach JD 200 million. The increases in capital were effected through capitalizing its distributable reserves, retained earning and private placements to shareholders, in addition to the participation of International Finance Corporation (IFC) which became a strategic partner.

Capital Bank of Jordan shares are listed at Amman Stock Exchange.

The consolidated financial statements were authorized for issue by the Bank's Board of Directors in their meeting No. 4/2016 held on 6 June 2016 and they are subject to Central Bank of Jordan and the Shareholders General Assembly approval.

2 Significant Accounting Policies

(2-1) Basis Of Preparation of the Consolidated Financial Statements

The accompanying consolidated financial statements of the bank and its subsidiaries have been prepared in accordance with international Financial Reporting Standards (IFRS) and its interpretations (IFRICs), and in conformity with the applicable laws and regulations of the Central Bank of Jordan.

The consolidated financial statements are prepared on the historical cost basis except, financial assets at fair value through income statement and financial assets at fair value through other comprehensive income and financial derivatives which are presented at fair value as of the date of the consolidated financial statements. Moreover, financial assets and financial liabilities hedged against the risk of fluctuation in their value are stated at fair value.

The consolidated financial statements have been presented in Jordanian Dinars (JD) which is the functional currency of the Bank.

(2-2) Changes in accounting policies:

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2014.

(2-3) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries. Control exists when the bank controls the subsidiaries and relevant activities, and is exposed, or has right, to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions that are recognized in assets or liabilities, between the Bank and the following subsidiaries are eliminated in full:

- Capital Investment and Brokerage Company Ltd Jordan; of which the Bank owns 100% of its paid in capital of JD 10,000,000 as of 31 December 2015. The company was established on 16 May 2005.

- National Bank of Iraq (NBI); of which the Bank owns 61.85% of its paid in capital of IQD 250 billion (JD 148,949,579) as of 31 December 2015. National Bank of Iraq was acquired effective 1 January 2005.
- Capital Investment Fund Company Bahrain; of which the Bank owns 100% of its paid in capital of BHD 1,000 (JD 1,888) as of 31 December 2015. The purpose of the company is to manage mutual funds and it has not started its operations as of the date of preparing these consolidated financial statements.
- Capital Bank Corporate Advisory (DIFC) UAE, of which the bank owns 100% of its paid in capital of USD 250,000 (JOD 177,250) as of 31 December 2015. The purpose of the company is to engage in financial consulting services. The company was registered and incorporated on 23 february 2015.

The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies. If different accounting policies were applied by the subsidiaries, adjustments shall be made to their financial statements in order to comply with those of the Bank.

The result of operations of the subsidiaries are consolidated in the consolidated statement of income from the acquisition date which is the date on which control over the subsidiaries is gained by the bank. The results of operations of the disposed subsidiaries are consolidated in the consolidated statement of income up to the disposal date which is the date of the bank loses control over the subsidiaries.

Non-controlling interests represent the portion of equity and profit or loss not owned by the Bank.

When preparing separate financial statements, investment in subsidiaries is recorded at cost.

Segment Information

- Business segment represents distinguishable components of the Bank that are engaged in providing products or services that are subject to risks and rewards that are different from those of other segments and reported based on the reports that are used by the Bank's chief executive decision maker.
- The geographical segment provides services and products in a certain economic environment that is subject to returns and risks that differ from other segments that operate in other economical environments.

Direct credit facilities

- Direct credit facilities are financial assets with fixed or determinable payments which are provided basically by the Bank or have been acquired and has no market price in the active markets. The credit facilities are measured at amortized cost.
- Impairment of direct credit facilities is recognized in the provision for impairment loss when events occur after the initial recognition of the credit facility that have an impact on the estimated future cash flows of the facilities that can be reliably estimated. The impairment is recorded in the consolidated statement of income.
- Interest and commission arising from non-performing facilities is suspended according to the Central Bank of Jordan's regulations.
- Loans and the related allowance for credit losses are written off when collection procedures become ineffective. The excess in the allowance of possible loan losses, if any, is transferred to the consolidated statement of income, and cash recoveries of loans that were previously written off are credited to the consolidated statement of income.

Financial assets at amortized cost

- Financial assets are measured at amortized cost only if these assets are held within a business model whose objective is to hold the asset to collect their contractual cash flows and that the contractual terms of the financial asset give rise, on specified dates, to cash flows constituting solely principal and interest on the outstanding principal amount.
- Debt instruments meeting these criteria are initially measured at cost plus transaction costs. Subsequently they are amortized using the effective interest rate method, less allowance for impairment. The losses arising from impairment are recognized in the consolidated statement of income.
- The amount of the impairment consists of the difference between the book value and present value of the expected future cash flows discounted at the original effective interest rate.

- It is not permitted to reclassify assets to or from this category except in certain circumstances specified in International Financial Reporting Standards No.(9)
- If any of these assets are sold before maturity, the gain or loss arising is recognized in the consolidated statement of income.

Financial assets at fair value through Income Statement

- Financial assets which do not meet the business model for financial assets at amortized cost, and are purchased with the aim of resale in the near future in order to generate profit from the short-term market prices fluctuation or the trading profit margins.
- Financial instruments at fair value through Income Statement are initially measured at fair value, unless if the Bank classified the financial investments as not for trading at fair value through other comprehensive income at the purchase date.
- Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the consolidated statement of income. When these assets or portion of these assets are sold, the gain or loss arising are recorded in the consolidated statement of income.
- Dividend and interest income are recorded in the consolidated statement of income. It is not permitted to reclassify assets to or from this category except in certain circumstances specified in International Financial Reporting Standards.

Financial assets at fair value through other comprehensive income

These assets represent investments in equity instruments that are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the consolidated statement of changes in equity. The gain or loss on disposal of the asset is classified from fair value reserve to retained earnings, and not through consolidated statement of income.

- These financial assets are not subject to impairment testing.
- Dividend income is recognized in the consolidated statement of income.
- It is not permitted to reclassify assets to or from this category except in certain circumstances specified in International Financial Reporting Standards.

Fair value

- The Bank values the financial instruments, such as derivatives and non-financial assets, at fair value at the date of the financial statements. The fair value of the financial instruments classified at amortized cost, are also disclosed.
- The fair value represents the price that will be obtained when selling the assets or the amount that will be paid to transfer liability of regulated transaction between participants in the market.
- In the absence of the principal market, the most advantageous market will be used to trade the assets or liabilities.
- The bank needs the opportunities to reach the primary or most suitable markets.
- The fair value of an assets or liability is measured using the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
- A fair value measurement of a non-financial assets takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
- The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
- The Bank uses the following valuation techniques in setting and disclosing the fair value of the financial instruments:

- All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:
 - Level 1 – Quoted market prices in active markets for identical 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.
 - Level 3 –Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
- For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
- The appraisal committee, along with the Group's external appraisers, compare the changes and the related external information on the fair value on the assets and liabilities to evaluate the reasonableness of the changes.
- For the purpose of the fair value disclosure, the Group classifies the assets and liabilities according to its nature, risks of the assets and liabilities, and fair value level.
- The valuation of the non-current assets and liabilities, and those that do not incur interest, in accordance with the discounted cash flow, and the effective interest rate, discount/ premium is amortized from the paid and received interest revenue in the consolidated income statement.

Impairment of financial assets

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

Impairment is determined as follows:

- For assets carried at amortized cost, impairment is based on the difference between the carrying value and the estimated cash flows discounted at the original effective interest method.

Impairment is recognised in the consolidated statement of income. If in a subsequent period, the amount of the impairment loss decreases, the carrying value of the asset is increased to its recoverable amount. The amount of the reversal is recognised in the consolidated statement of income and it is recognized in the consolidated statement of other comprehensive income for equity instruments.

Property and equipment

- Property and equipment is measured at cost less accumulated depreciation and accumulated impairment in value. Depreciation (except for lands) is calculated using the straight-line method when property and equipment are ready to be used to write down the cost of property and equipment to their residual values over their estimated useful lives. Depreciation rates used are as follows:

	%
Buildings	2
Equipment and furniture	2.5 - 15
Vehicles	15
Computers	25
Other	10

- When the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the consolidated statement of income.
- Useful life for property and equipment is reviewed each year. If expected useful life is different from the previous one, the difference is adjusted prospectively as a change in accounting estimate.
- An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Provisions

Provisions are recognized when the Bank has a present obligation at the date of the consolidated financial position arising from a past event and the costs to settle the obligation are both probable and reliably measured.

Income Tax

Tax expense comprises current tax and deferred taxes.

Current tax is based on taxable profits, which may differ from accounting profits disclosed in the consolidated statement of income. Accounting profits may include non-taxable profits or tax deductible expenses which may be exempted in the current or subsequent financial years.

Taxes are calculated based on tax rates confirmed under the laws, regulations and instructions of the Hashemite Kingdom of Jordan and the countries which subsidiaries are operating in.

The Deferred taxes are taxes expected to be paid or refunded as a result of the temporary differences between assets and liabilities – in the consolidated financial statements and the value of the tax basis profit. Deferred taxes are measured by adhering to the consolidated financial position statement and calculated based on tax rates that are expected to apply in the period when assets are realized or liabilities are settled.

The carrying amount of the deferred assets are reviewed at the date of the consolidated financial statements and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets be utilized.

Fiduciary assets

Assets held in a fiduciary capacity are not recognized as assets of the Bank. Fees and commissions received for administering such assets are recognized in the consolidated statement of income. A provision is recognized for decreases in the fair value of guaranteed fiduciary assets below their original principal amount.

Offsetting

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

Revenue and expense recognition

Interest income is recognized using the effective interest method except for fees and interest on non performing facilities, on which interest is transferred to the interest in suspense account and not recognized in the statement of income.

Expenses are recognized on an accrual basis.

Commission income is recognized upon the rendering of services. Dividend income is recognized when the right to receive payment is established.

Date of Recognition of Financial Assets

Purchases and sales of financial assets are recognized on the trade date (that being the date at which the sale or purchase is enforceable to the bank).

Financial instruments and hedge accounting

Hedge Financial Instruments

For the purpose of hedge accounting derivatives are presented at fair value, and are classified as follows:

Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of the Bank's recognized assets or liabilities that is attributable to a particular risk, for designated and qualifying effective fair value hedges, the change in the fair value of a hedging derivative is recognized in the consolidated statement of income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as adjustment to the carrying value of the hedged item and is also recognized in the consolidated statement of income.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in the Bank's actual and expected cash flows which is attributable to a particular risk associated with a recognized asset or liability.

For designated and qualifying effective cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognized directly in equity, and is subsequently transferred to the consolidated statement of income in the period in which the hedged cash flows affect income, or at such time as the hedge becomes ineffective. The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in the statement of income.

Hedge of net investments in foreign operations

- Hedges of net investments in a foreign operation are accounted for by measuring the fair value of the hedging instrument. The effective portion of the gain or loss on the hedging instrument is initially recognized directly in equity, while the ineffective portion of the gain or loss on the hedging instrument is recognized immediately in the consolidated statement of income. On disposal of the foreign operation, the cumulative value of any such gains or losses recognized directly in equity is transferred to the consolidated statement of income.
- For hedges which become ineffective, gains or losses resulting from the change in fair value of the hedge instrument is recognized directly in the consolidated statement of income.

Derivative financial instruments held for trading

Derivative financial instruments (such as foreign currency forward and future deals, interest rate forward and future deals, swaps, foreign currency options and others), are initially recorded at cost as other assets/liabilities, and subsequently carried at fair value in the consolidated statement of financial position. Fair value is determined by reference to current market prices. In case such prices were not available, the method of valuation is stated and changes in fair value are recognized in the consolidated statement of income.

Repurchase and resale agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognized in the Bank's financial consolidated statements due to the Bank's continuing exposure to the risks and rewards of these assets using the same accounting policies (where the buyer has the right to use these assets (sell or re-lien) they are reclassified as liened financial assets).

The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and the repurchase price is recognized as an interest expense over the agreement term using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the Bank's consolidated financial statements as assets since the Bank is not able to control these assets. The related payments are recognized as part of deposits at banks and financial institutions or direct credit facilities as applicable, and the difference between purchase and resale price is recognized in the consolidated statement of income over the agreement term using the effective interest method.

Financial assets pledged as collateral

The financial assets pledged by the Bank are for the purpose of providing collateral for the counter party to the extent that counter party is permitted (to sell and /or re-pledge the assets). The method of valuation is related to the financial policies for its original classification.

Assets Seized by the Bank

Assets seized by the Bank through calling upon collateral are shown in the consolidated statement of financial position under "Other assets" at the lower of their carrying value or fair value. Assets are revalued at the consolidated statement of financial position date on an individual basis and losses from impairment are transferred directly to the consolidated statement of income, while revaluation gains are not recognized as income. Reversal of previous impairment losses shall not result in a carrying value that exceeds the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Intangible assets

Intangible assets are recognized on the basis of its useful life, whether it is a finite life or it has an infinite life.

Intangible assets with finite lives are amortized over the useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date and is recognized in the consolidated statement of income.

Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of income.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at the date of the consolidated financial statements. Adjustments are reflected in the current and subsequent periods.

Intangible assets include trademarks, computer software and programs, Management estimates the useful life for each item. Amortization is calculated using the straight-line method at 25%. The following is the accounting policy for each of the bank's intangible assets:

- Trademarks: Amortized using the straight line method at 25%.
- Computer software and programs Amortized using the straight line method at 25%.

Foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange prevailing at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into respective functional currencies at rates of exchange prevailing at the statement of financial position date as issued by Central Bank of Jordan.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any gains or losses are taken to the consolidated statement of income.

Exchange differences for non-monetary assets and liabilities in foreign currencies (such as equity instruments) are recorded as part of the change in fair value.

When consolidating the financial statements, the assets and liabilities of foreign branches and subsidiaries are translated into the functional currency of each entity at the average exchange rates of the Central Bank of Jordan prevailing at the date of the consolidated statement of financial position. Income and expense items are translated at the average rates for the year. Any exchange differences arising on translation are taken directly to a separate component of equity. On disposal of an entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is transferred to the consolidated statement of income.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and cash balances at banks and financial institutions that mature within three months, less banks and financial institutions deposits that mature within three months and restricted balances.

3 Use of Estimates

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

The Bank's management believe that the consolidated financial statements estimates are reasonable. The details of these estimates are as follows:

- Provision for impairment in direct credit facilities: The Bank reviews its credit facilities according to the regulations of the Central Bank of Jordan as a minimum reference and according to International Financial Reporting Standards as well.
- Impairment losses on repossessed assets are determined based on The appraisal reports prepared by certified appraisers and are reviewed periodically.
- Management periodically re-evaluates the useful lives of the tangible and intangible assets in order to assess the depreciation and amortization for the year based on the useful life and the general status of these assets. Any related impairment is charged to the consolidated income statement.
- The income tax provision is calculated based on the prevailing laws and regulations and International Financial Reporting Standards. Moreover, deferred tax assets and liabilities and the related provisions are recorded.
- Legal provisions are taken for lawsuits raised against the Bank based on the Bank legal advisor's opinion.

4 Cash and Balances with Central Banks

	2015	2014
	JD	JD
Cash on hand	27,441,066	35,641,753
Balances at Central Banks:		
Current and demand deposits	151,431,287	191,890,414
Time and term deposits	30,000,000	-
Statutory cash reserve	100,704,634	97,586,536
Certificates of deposit	36,100,000	-
Total	345,676,987	325,118,703

- There are no balances maturing within three months as of 31 December 2015 and 2014.
- National Bank of Iraq balances at the Central Bank of Iraq's Irbil and Al - Sulaymaniah branches amounted to JD 90,515,771 and JD 43,692,420 respectively , as of 31 December 2015. Due to the current political and economic conditions in Iraq, exploitation of these balances through banking operations is limited.

5 Balances at Banks and Financial Institutions

	Local banks and financial institutions		Foreign Banks and Financial Institutions		Total	
	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD
Current and demand deposits	1,885,253	932,926	68,210,775	85,271,346	70,096,028	86,204,272
Deposits maturing within or less than 3 months	60,160,453	41,923,900	54,394,250	19,852,000	114,554,703	61,775,900
Total	62,045,706	42,856,826	122,605,025	105,123,346	184,650,731	147,980,172

- Non-interest bearing balances at banks and financial institutions amounted to JD69,135,245 as of 31 December 2015 (2014: JD 72,454,969).
- Restricted balances amounted to JD1,115,594 as of 31 December 2015 (2014: JD1,113,587).

6 Deposits At Banks And Financial Institutions

	Local banks and financial institutions		Foreign Banks and Financial Institutions		Total	
	2015 JD	2014 JD	2015 JD	2014 JD	2015 JD	2014 JD
Deposits maturing within 3 to 6 months	13,000,000	-	2,158,414	12,168,358	15,158,414	12,168,358
Total	13,000,000	-	2,158,414	12,168,358	15,158,414	12,168,358

- There is no restricted deposit as of 31 December 2015 and 2014.

7 Financial Assets At Fair Value Through income statement

	2015 JD	2014 JD
Equities	1,374,070	13,699,407
Bonds	979,041	-
Investment funds	1,021,128	974,427
Total	3,374,239	14,673,834

8 Financial Assets At Fair Value Through Other Comprehensive Income

	2015 JD	2014 JD
Quoted shares	2,297,023	2,204,515
Unquoted shares	3,809,746	3,195,902
Total	6,106,769	5,400,417

- The cash dividends amounted to JD68,144 and it reflects the shares that the bank owns in other companies as of 31 December 2015 (2014: 105,418).

9 Direct Credit Facilities, Net

	2015 JD	2014 JD
Retail customers		
Overdrafts	15,678,807	16,402,483
Loans and bills*	98,114,969	96,702,345
Credit cards	5,755,621	4,658,479
Realestate Mortgages	141,154,973	127,589,701
Corporate Lending		
Overdrafts	91,548,209	102,603,018
Loans and bills *	454,684,957	424,747,695
Small and medium enterprises "SMEs" facilities		
Overdrafts	24,519,091	16,712,936
Loans and bills *	53,179,504	36,725,056
Government and public sector lending	102,225,542	30,883,193
Total	986,861,673	857,024,906
Less: Suspended interest	29,826,214	24,397,898
Less: Allowance for impairment in direct credit facilities	46,543,181	38,212,450
Net direct credit facilities	910,492,278	794,414,558

* Net of interest and commissions received in advance amounted to JD 1,793,976 as of 31 December 2015 (2014: JD3,873,152).

- Non-performing credit facilities amounted to JD 85,162,386 as of 31 December 2015 (2014: JD 72,496,851), represents 8.63 % of total credit facilities as at 31 December 2015 (2014: 8.46 %).

- Non-performing credit facilities, net of suspended interest, amounted to JD 55,336,172 as of 31 December 2015 (2014: JD 48,098,953) represents 5.78 % (2014: 5.78 %) of total credit facilities after excluding the suspended interest.

- Government and public sector facilities amounted to JD 89,625,521 as of 31 December 2015 (2014: JD 18,283,193) represents 9.08% (2014: 2.13%) of total facilities as of 31 December 2014.

Provision for impairment losses:

The movement of the provision for impairment losses of direct credit facilities is as follows:

31 December 2015	Retail	Real estate mortgages	Corporates	SMEs	Total
	JD	JD	JD	JD	JD
Balance at 1 January 2015	9,064,684	674,504	27,446,431	1,026,831	38,212,450
Charge for the year	525,055	699,657	6,921,174	610,836	8,756,722
Amounts written off	(125,414)	-	-	-	(125,414)
Foreign exchange differences	(233,106)	-	(67,471)	-	(300,577)
Balance at the end of the year	9,231,219	1,374,161	34,300,134	1,637,667	46,543,181
Impairment on individual basis	8,529,986	1,373,138	33,077,607	1,619,402	44,600,133
Watch list impairment on portfolio basis	701,233	1,023	1,222,527	18,265	1,943,048
Balance at the end of the year	9,231,219	1,374,161	34,300,134	1,637,667	46,543,181

31 December 2014	Retail	Real estate mortgages	Corporates	SMEs	Total
	JD	JD	JD	JD	JD
Balance at 1 January 2014	5,585,104	672,560	28,086,274	875,511	35,219,449
Charge for the year	3,388,921	1,944	4,140,745	151,320	7,682,930
Amounts written off	(16,280)	-	(4,813,724)	-	(4,830,004)
Foreign exchange differences	106,939	-	33,136	-	140,075
Balance at the end of the year	9,064,684	674,504	27,446,431	1,026,831	38,212,450
Impairment on individual basis	8,814,773	664,582	26,919,401	976,843	37,375,599
Watch list impairment on portfolio basis	249,911	9,922	527,030	49,988	836,851
Balance at the end of the year	9,064,684	674,504	27,446,431	1,026,831	38,212,450

- Non-performing credit facilities that were settled or collected amounted to JD 4,834,897 as at 31 December 2015 (2014: JD 5,937,611).

Interest in suspense

The movement of interest in suspense is as follow:

	Retail	Real estate	Corporates	SMEs	Total
	JD	JD	JD	JD	JD
31 December 2015					
Balance at 1 January 2015	4,185,834	738,749	18,977,832	495,483	24,397,898
Add: Suspended interest during the year	1,289,397	233,339	5,429,227	391,936	7,343,899
Less: interest transferred to income	(1,029,806)	(78,306)	(163,982)	(38,891)	(1,310,985)
Less: amounts written off	(366,701)	(48,063)	(4,227)	(67,899)	(486,890)
Foreign exchange differences	(101,511)	-	(17,197)	-	(118,708)
Balance at the end of the year	3,977,213	845,719	24,221,653	780,629	29,825,214

	Retail	Real estate	Corporates	SMEs	Total
	JD	JD	JD	JD	JD
31 December 2014					
Balance at 1 January 2014	2,699,205	918,444	19,662,223	451,942	23,731,814
Add: Suspended interest during the year	1,624,281	100,122	4,645,100	136,344	6,505,847
Less: interest transferred to income	(65,076)	(279,817)	(223,895)	(40,125)	(608,913)
Less: amounts written off	(84,026)	-	(5,122,515)	(52,678)	(5,259,219)
Foreign exchange differences	11,450	-	16,919	-	28,369
Balance at the end of the year	4,185,834	738,749	18,977,832	495,483	24,397,898

Direct credit facilities portfolio is distributed as per the following geographical and industrial sectors classification:

	Inside	Outside	31 December	31 December
	Jordan	Jordan	2015	2014
	JD	JD	JD	JD
Financial	25,423,471	-	25,423,471	23,665,019
Industrial	98,392,946	9,635,309	108,028,255	102,351,233
Commercial	134,441,082	56,271,988	190,713,070	185,709,950
Real estate	215,909,918	18,604,649	234,514,567	230,643,650
Tourism and hotels	8,840,699	12,313,684	21,154,383	8,015,517
Agriculture	17,805,959	41,279	17,847,238	15,153,275
Shares	62,821,790	-	62,821,790	67,726,335
Services utilities and public	89,455,469	1,227,299	90,682,768	56,765,788
transportation services (including air transportation)	10,721,254	58,984	10,780,238	10,656,398
Government and public sector	102,225,542	-	102,225,542	30,883,193
Retail	77,592,720	17,876,749	95,469,469	85,655,860
Other	27,200,882	-	27,200,882	39,798,688
Total	870,831,732	116,029,941	986,861,673	857,024,906

10 Financial Assets At Amortized Cost

This item consists of the following:

	2015	2014
	JD	JD
Treasury bonds	323,812,579	500,265,977
Treasury bills	-	3,616,079
Governmental debt securities and its guarantee's	34,667,918	45,575,325
Corporate debt securities*	18,976,522	5,463,579
Total	377,457,019	554,920,960
Analysis of bonds and bills:		
Fixed Rate	375,152,769	551,375,960
Floating rate	2,304,250	3,545,000
Total	377,457,019	554,920,960

* Net of impairment loss amounted to JD 500,000 as of 31 December 2015 and 2014.

11 Financial Assets Pledged As Collateral

	2015		2014	
	Pledged assets JD	Related liabilities JD	Pledged assets JD	Related liabilities JD
Financial assets at amortized cost	-	-	37,473,878	37,500,000
Total	-	-	37,473,878	37,500,000

12 Investment in National Bank of Iraq

- The Bank has acquired 59.2% of the capital of National Bank of Iraq (an operating bank in Iraq), effective on 1 January 2005. The Bank has consecutively increased National Bank of Iraq capital on multiple phases to reach IQD 250 billion (JD 156.3 Million) as of 31 December 2015, The Bank interest in National Bank of Iraq capital is 61.85% as of 31 December 2015.
- The Bank has the legal right to manage the National Bank of Iraq. The assets, liabilities and statement of income were consolidated at the date of the consolidated financial statements. The goodwill that arose from the acquisition was also measured at the acquisition date.

13 Property and Equipment - Net

31 December 2015	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers	Others**	Total
	JD	JD	JD	JD	JD	JD	JD
Cost							
Balance at 1 January 2015	9,766,442	7,397,530	7,594,930	533,727	3,659,069	7,969,056	36,920,754
Foreign exchange differences	(90,843)	(63,463)	(95,713)	(6,575)	-	-	(256,594)
Additions	2,788,983	-	1,046,668	36,740	714,027	483,565	5,069,983
Disposals	-	(119,160)	(330,459)	(25,500)	(115,665)	(45,923)	(636,707)
Balance at the end of the year	12,464,582	7,214,907	8,215,426	538,392	4,257,431	8,406,698	41,097,436
Accumulated depreciation:							
Balance at 1 January 2015	-	1,007,202	4,656,582	320,734	2,988,528	4,527,813	13,500,859
Depreciation charge for the year	-	112,484	631,067	65,465	257,882	710,838	1,777,736
Foreign exchange differences	-	(11,481)	(60,041)	(4,524)	-	-	(76,046)
Disposals	-	(119,160)	(321,479)	(25,499)	(115,494)	(39,105)	(620,737)
Balance at the end of the year	-	989,045	4,906,129	356,176	3,130,916	5,199,546	14,581,812
Net book value of property and equipment	12,464,582	6,225,862	3,309,297	182,216	1,126,515	3,207,152	26,515,624
Advanced payment to purchase property & equipment	145,310	-	2,141,858	-	953,329	309,752	3,550,249
Net book value of property and equipment at the end of the year	12,609,892	6,225,862	5,451,155	182,216	2,079,844	3,516,904	30,065,873

31 December 2014	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers	Others**	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at 1 January 2014	8,440,511	7,422,979	6,905,689	394,897	3,717,042	7,764,198	34,645,316
Foreign exchange differences	-	(25,449)	(46,904)	(1,966)	-	-	(74,319)
Additions	1,325,931	-	1,064,559	140,796	440,754	206,823	3,178,863
Disposals	-	-	(328,414)	-	(498,727)	(1,965)	(829,106)
Balance at the end of the year	9,766,442	7,397,530	7,594,930	533,727	3,659,069	7,969,056	36,920,754
Accumulated depreciation:							
Balance at 1 January 2014	-	922,356	4,092,386	264,978	3,148,357	3,788,711	12,216,788
Depreciation charge for the year	-	102,707	892,087	56,873	280,049	740,036	2,071,752
Foreign exchange differences	-	(17,861)	(15,417)	(1,117)	-	-	(34,395)
Disposals	-	-	(312,474)	-	(439,878)	(934)	(753,286)
Balance at the end of the year	-	1,007,202	4,656,582	320,734	2,988,528	4,527,813	13,500,859
Net book value of property and equipment	9,766,442	6,390,328	2,938,348	212,993	670,541	3,441,243	23,419,895
Advanced payment to purchase property & equipment	2,687,475	444,429	122,927	-	465,396	33,207	3,753,434
Net book value of property and equipment as the end of the year	12,453,917	6,834,757	3,061,275	212,993	1,135,937	3,474,450	27,173,329

**Represents renovation, interior design and decoration of buildings and branch offices.

- The estimated costs to complete the purchase of premises and equipment amounted to JD 3,860,753 as of 31 December 2015.
- Fully depreciated property and equipment amounted to JD 5,809,063 as of 31 December 2015 (2014: JD4,978,355).

14 Intangible Assets, Net

2015	Computer Software	Goodwill	Total
	JD	JD	JD
Balance at 1 January 2015	3,507,884	4,070,152	7,578,036
Additions	1,588,147	-	1,588,147
Foreign currency differences	(62,740)	(190,169)	(252,909)
Amortization	(2,045,483)	-	(2,045,483)
Good will impairment loss (Note 40)	-	(3,879,983)	(3,879,983)
Balance at the end of the year	2,987,808	-	2,987,808
Projects under construction	1,237,772	-	1,237,772
Balance as of 31 December 2015	4,225,580	-	4,225,580

2014	Computer Software	Goodwill	Total
	JD	JD	JD
Balance at 1 January 2014	3,660,075	4,011,543	7,671,618
Additions	1,350,343	-	1,350,343
Foreign currency differences	32,097	58,609	90,706
Amortization	(1,534,631)	-	(1,534,631)
Balance at the end of the year	3,507,884	4,070,152	7,578,036
Projects under construction	1,846,917	-	1,846,917
Balance as of 31 December 2014	5,354,801	4,070,152	9,424,953

- As of 31 December 2015, the estimated cost to complete projects under construction is JD1,594,203.
- Fully amortized intangible assets amounted to JD 4,594,140 as of 31 December 2015, (2014: JD 4,570,237).

Impairment Testing of Goodwill

The Bank has tested whether there was a decline in the value of goodwill as of 31 December 2015 arising from the acquisition of National Bank of Iraq.

The fair value of the share price for the Bank was determined based on expected cash flows for the next five years using a discount rate of 19%. Accordingly, an impairment loss for the entire goodwill amount of JD 3,879,983 was recorded after translation. The resulting foreign currency translation differences amounted to JD 190,169 and are included in other comprehensive income.

15 Other Assets

The details are as follows:

	2015	2014
	JD	JD
Accrued interest and revenue	17,478,235	17,968,528
Prepaid expenses	1,416,270	1,770,544
Collaterals seized by the bank against matured debts*	59,503,052	64,484,355
Purchased banks acceptances	5,265,688	9,405,590
Export documents and bills purchased	272,107	2,321,119
Other assets seized **	14,132,822	16,151,795
Refundable deposits	1,644,899	2,228,309
Others	1,074,713	10,966,206
Total	100,787,786	125,296,446

* Central Bank of Jordan rules require to dispose the real estate that was seized by the bank during a maximum period of two years from the acquisition date. The Central Bank may approve an extension of up to two executive years at most. According to Central Bank circular No. 10/1/4076 , a provision has been calculated for real estate seized for a period longer than four years.

**The value of accumulated impairment of the other real estate expropriated is JD 6,056,921 as in 31 December 2015 compared to JD4,037,948 in 31 December 2014.

The following is summary of the movement of assets seized by the bank:

	2015			2014
	Seized real estate	Other seized assets**	Total	Audited
	JD	JD	JD	JD
Balance at the beginning of the year	60,816,274	3,668,081	64,484,355	50,012,580
Foreign currency translation differences	(126)	-	(126)	39
Additions	4,527,709	-	4,527,709	17,052,148
Retirements	(6,463,034)	(1,927,952)	(8,390,986)	(2,085,298)
Impairment losses	(1,057,222)	29,137	(1,028,085)	(495,114)
Provision for seized real estate	(89,815)	-	(89,815)	-
Balance at the end of the year	57,733,786	1,769,266	59,503,052	64,484,355

*** This item represents shares seized by the Bank to settle debts.

16 Banks and Financial Institutions' Deposits

The details are as follows:

	Inside Jordan	2015 Outside Jordan	Total	Inside Jordan	2014 Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and demand deposits	6,958	36,098,847	36,105,805	6,958	88,780,379	88,787,337
Term deposits	6,735,500	3,000,000	9,735,500	42,463,000	37,670,000	80,133,000
Total	6,742,458	39,098,847	45,841,305	42,469,958	126,450,379	168,920,337

17 Customer Deposits

The details are as follows:

2015	Retail	Corporate	SMEs	Government and public Sectors	Total
	JD	JD	JD	JD	JD
Current and demand deposits	207,934,951	147,212,827	85,162,656	70,696,390	511,006,824
Saving accounts	58,261,705	398,899	565,181	-	59,225,785
Time and notice deposits	417,550,217	179,310,059	65,523,479	54,272,042	716,655,797
Certificates of deposit	53,981,703	74,000	2,197,000	2,000,000	58,252,703
Total	737,728,576	326,995,785	153,448,316	126,968,432	1,345,141,109

2014	Retail	Corporate	SMEs	Government and public Sectors	Total
	JD	JD	JD	JD	JD
Current and demand deposits	163,416,236	130,584,324	69,243,751	49,547,723	412,792,034
Saving accounts	61,467,958	628,870	158,879	-	62,255,707
Time and notice deposits	399,587,082	232,569,611	45,602,148	34,326,825	712,085,666
Certificates of deposit	45,491,799	124,000	1,390,197	-	47,005,996
Total	669,963,075	363,906,805	116,394,975	83,874,548	1,234,139,403

- Jordanian governmental institutions and public sector deposits amounted to JD 126,968,432 representing 9.44 % of the total deposits as of 31 December 2015 compared to 83,874,548 representing 6.80% as of 31 December 2014.
- Non-interest bearing deposits amounted to JD 424,506,819 representing 31.56 % of total deposits as of 31 December 2015 compared to JD 403,122,065 representing 32.66% of the total deposits as of 31 December 2014.
- No deposits are reserved (restricted withdrawals) as of 31 December 2015 and 31 December 2014.
- The inactive deposits reached the amount of JD 1,123,000 as of 31 December 2015 compared to JD 1,286,032 as of 31 December 2014.

18 Margin Accounts

The details are as follows:

	2015	2014
	JD	JD
Margins on direct credit facilities	29,429,577	58,765,153
Margins on indirect credit facilities	39,718,263	41,091,465
Margin dealings	1,272,093	8,788,906
Others	46,022,185	34,417,968
Total	116,442,118	143,063,492

19 Loans and Borrowings

The details are as follows:

2015		Number of Instalments		Frequency of Instalments	Collaterals	Interest rate
	Amount	Total	Outstanding			
	JD	JD	JD		JD	%
Amounts borrowed from central banks	34,115,550	120	113	Monthly and semi annual payment and payment at maturity	-	1.75% - 2.75%
Amounts borrowed from local banks and financial institutions	30,000,000	3	3	One payment	-	3.80% - 4.50%
Amounts borrowed from foreign banks and financial institutions	20,198,543	107	87	Monthly and semi annual payment and payment at maturity	-	1.02%- 3.50%
Total	84,314,093				-	

2014		Number of Instalments		Frequency of Instalments	Collaterals	Interest rate
	Amount	Total	Outstanding			
	JD	JD	JD		JD	%
Amounts borrowed from central banks	56,436,607	83	74	Monthly and semi annual payment and payment at maturity	37,473,878	2.13% - 3.00%
Amounts borrowed from local banks and financial institutions	28,000,000	4	4	One payment	-	4.65% - 7.35%
Amounts borrowed from foreign banks and financial institutions	10,340,266	99	72	Monthly and semi annual payment and payment at maturity	-	0.93%- 2.00%
Total	94,776,873				37,473,878	

- Borrowed money from the Central Bank include JD 34,115,550 that represents amounts borrowed to refinance the customers loans in the medium term financing programs that have been re-borrowed. These loans mature during 2016 - 2024.
- The amounts borrowed from local institutions are all borrowed from the Jordan Mortgagee Refinance Company. The total amount of the loans is amounted to JD 30 Million. The loans have been refinanced at a rate of 6.75% and mature during 2016 - 2018.
- The amounts borrowed from foreign banks / institutions are all borrowed from the European Bank for Reconstruction and Development and amounted to JD 10 million and fall due during 2020.
- All the above mentioned loans are bearing fixed - interest rates.

20 Subordinated Loans

2015	Amount	Frequency of instalments	Collaterals	Interest Rate
	JD		JD	%
Subordinated Loan	17,725,000	One payment maturing on 1 March 2020	-	6.85%
Total	17,725,000		-	

- The bank has obtained the Amman Stock Exchange's approval to include these bonds in Amman Stock Exchange starting from 26 July 2015.
- These bonds are US Dollar bonds.

21 Secondary loan (convertible to shares)

2015	Number of Instalment		Frequency of instalments	Collaterals	Interest Rate
	Amount	Total			
	JD	JD	JD	JD	%
Secondary loan	7,672,563	9	5 Semi-annual instalments	-	variable rate LIBOR 6 month +3.5%
Total	7,672,563			-	

The convertible loans details are as follows:

	2015	2014
	JD	JD
Nominal value of the convertible loan	7,877,778	11,028,889
Less: Equity component	-	1,022,784
Less: Issue cost	205,215	205,215
Total	7,672,563	9,800,890

On 2 January 2008, the Bank signed a subordinated loan agreement with the International Finance Corporation (IFC), amounting to USD 20 million, equivalent to JD 14,180,000 for a period of 10 years convertible to shares starting from the fourth year till the seventh year. The applicable conversion factor shall be (JD 1.75) from the book value per share according the Bank last audited financial statement that were issued before the conversion date and interest price of 6 months LIBOR loan + 3.5%.

The loan is subject to certain financial covenants which include the following:

- Capital adequacy ratio not less than 12%.
- Equity to Assets ratio not less than 15%.
- Comply with other ratios regarding credit concentration and uses of fund.

On 2 January 2015, the option of converting a portion of these secondary loans to shares expired and accordingly that portion amounting to JD 1,022,784 was reclassified from equity to secondary loans.

22 Sundry Provisions

2015	Balance at the beginning of the year	Provided	Utilized	Transferred to income	Balance at the end of the year
	JD	JD	JD	JD	JD
Provision for lawsuits raised against the bank	125,000	22,000	113,000	-	34,000
Provision against Iraq risks (Note 40)	-	12,001,722	-	-	12,001,722
Total	125,000	12,023,722	113,000	-	12,035,722

2014	Balance at the beginning of the year	Provided	Utilized	Transferred to income	Balance at the end of the year
	JD	JD	JD	JD	JD
Provision for lawsuits raised against the bank	-	125,000	-	-	125,000
Total	-	125,000	-	-	125,000

- In addition to the goodwill impairment recorded in (Note 14) amounting to JD 3,879,983 and the provisions for non-performing credit facilities, and as a result of the current political and economic conditions in Iraq as well as the various risks faced particularly by the bank and generally by the Iraqi economy. The Bank recorded provisions amounted to JD 12,001,722 and will be reviewed annually.

23 Income Tax

A- Income Tax liabilities

The movement on income tax liability is as follows:

	2015	2014
	JD	JD
Balance at the beginning of the year	12,786,692	11,387,527
Foreign exchange translation differences	(134,672)	21,176
Income tax paid	(14,836,007)	(12,477,965)
Income tax charge for the year	10,153,649	13,753,638
Income tax on other comprehensive income	(349,147)	-
Income tax charge for previous years	250,427	102,316
Balance at the end of the year	7,870,942	12,786,692

	2015	2014
	JD	JD
Current income tax charge for the year	10,153,649	13,753,638
Previous years income tax charges	250,427	102,316
Deferred tax assets for the year	(932,257)	(84,223)
Deferred tax liabilities for the year	523,700	36,536
Foreign exchange translation differences	(6,577)	(16,483)
	9,988,942	13,791,784

- Legal income tax rate on the bank revenues is 35% and on the brokerage firm is 24%.
- Legal income tax on the bank revenues in Iraq is 15%.
- A final settlement has been made with the income tax department regarding the bank tax till the end of 2014.
- A final settlement has been made with the income tax department regarding the tax on the brokerage firm till the end of 2014.
- A final settlement has been made with the income tax department regarding the tax on National Bank of Iraq till the end of 2014.
- The management believes that the provision for income tax provided for is sufficient to meet the tax obligations as of 31 December 2015.

B- Deferred tax assets / Liabilities

The details is as follows:

	2015					2014
	Balance the beginning of the year	Released	Additions	Balance the end of the year	Deferred Tax	
	JD	JD	JD	JD	JD	JD
Included accounts						
a) Deferred tax assets						
Provision for lawsuits held against the bank	125,000	(125,000)	34,000	34,000	11,900	43,750
Impairment loss on seized shares	7,570,144	(1,604,862)	-	5,965,282	2,087,849	2,649,550
Impairment loss on financial assets through income statement	1,460,744	(1,370,580)	380,623	470,787	144,219	505,091
Provision for watch list facilities	220,263	-	358,864	579,227	202,729	77,127
Impairment loss on financial assets through other comprehensive income	2,806,972	(215,998)	220,925	2,811,899	903,547	894,945
Provision on other credit facilities	3,050,932	(237,787)	179,375	2,992,520	819,805	833,823
Losses on impairment of financial assets at amortized cost	500,000	-	-	500,000	175,000	175,000
Impairment of seized assets	5,755,580	(1,292,605)	3,166,008	7,628,983	2,670,144	2,014,453
Impairment loss in investment in subsidiaries	-	-	11,429,974	11,429,974	1,142,997	-
Provision for loss from partially selling subsidiaries	997,563	(997,563)	-	-	-	349,147
Other deferred tax assets	288,643	(67,407)	-	221,236	77,433	101,025
Total	22,775,841	(5,911,802)	15,769,769	32,633,908	8,235,623	7,643,911
b) Deferred tax liabilities						
Unrealized gains – financial assets at fair value through OCI	460,050	-	137,198	597,250	200,442	205,419
Unrealized gain from financial assets – at fair value through profit or loss	394,910	(359,144)	59	94,442	28,613	138,219
others	-	-	1,809,442	1,809,442	633,305	-
Total	854,960	(359,144)	1,946,699	2,501,134	862,360	343,638

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

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Balance at the beginning of the year	7,643,911	343,638	7,152,430	229,673
Additions	2,624,620	785,951	1,250,506	278,654
Released	(2,032,908)	(267,229)	(759,025)	(164,689)
Balance at the end of the year	8,235,623	862,360	7,643,911	343,638

- The Income tax rates on deferred tax assets and liabilities ranged between 24% - 35%.

Reconciliation between taxable profit and the accounting profit is as follows:

	2015	2014
	JD	JD
Accounting profit	11,057,814	50,106,560
(Loss) profit of statement of comprehensive income	-	(997,563)
Non-taxable income	(10,477,456)	(1,192,891)
Non-deductible expenses	26,264,656	3,609,323
Taxable profit	26,845,014	51,525,429
Effective rate of income tax	90.33%	27.52%

24 Other Liabilities

	2015	2014
	JD	JD
Accrued interest expense	7,368,659	8,301,873
Accrued expenses	255,625	466,530
Certified cheques	4,010,360	2,880,625
Cheques payable	1,559,084	3,347,505
Board of directors' remuneration	60,781	55,000
Brokerage payables	5,558,225	15,039,738
Negative fair value of derivatives	30,845	16,955
Others	5,132,105	5,018,841
Total	23,975,684	35,127,067

25 Paid In Capital

The authorized and paid in capital amounted to JD 200,000,000 is divided into shares at a par value of JD 1 per share as of 31 December 2015 (2014: JD 181,500,000).

26 Dividends

General Assembly approved in its meeting held on 6 May 2015 the proposed cash dividends amounting to JD 10,890,000 equivalent to amounting to JD 10,890,000 equivalent to 6% of the Bank's authorized and paid - in capital. In addition, the distribution of share dividends equivalent to 10.19% of authorized and paid- in capital as of 31 December 2014 were also approved.

27 Reserves

- Statutory Reserve -

As required by the Law, 10% of the profit before tax is transferred to the statutory reserve. This reserve is not available for distribution to shareholders.

- General banking risk reserve -

This reserve is appropriated from retained earnings in compliance with the Central Bank of Jordan regulations.

The use of the following reserves is restricted by law:

Description	Amount	Restriction Law
	JD	
Statutory reserve	30,116,739	Companies Law and Banks law
General banking risk reserve	8,882,456	Central Bank of Jordan

28 Foreign currency translation reserve

This represents exchange differences resulted from translation of the net assets of the National Bank of Iraq upon the consolidation of the financial statements.

	2015	2014
	JD	JD
Balance at the beginning of the year	5,647,798	4,076,324
Movement during the year	(5,267,836)	1,571,474
Balance at the end of the year	379,962	5,647,798

29 Fair value reserve

The movement for this account is as follows:

	2015	2014
	JD	JD
Balance at the beginning of the year	(1,156,006)	(1,462,896)
Change in fair value for financial assets at fair value through other comprehensive income	(265,548)	326,209
Deferred tax liability	4,978	(77,429)
Deferred tax assets	8,602	58,110
Balance at the end of the year	(1,407,974)	(1,156,006)

30 Material partially - owned subsidiaries

Proportion of equity interest held by non controlling interests is as follows:

31-Dec-15	Country	Nature of activity	Country	Dividends distribution
National Bank of Iraq	Iraq	Banking	38.15%	1,096,243

31-Dec-14	Country	Nature of activity	Country	Dividends distribution
National Bank of Iraq	Iraq	Banking	38.15%	1,130,223

The following is the summarised financial information of these subsidiaries, this information is based on amounts before inter-company eliminations.

A. Summarized statement of financial position before elimination entries as of 31 December 2015:

	31 December 2015	31 December 2014
	National Bank of Iraq	National Bank of Iraq
	IQD	IQD
Cash, balances and deposits	218,069,091	252,666,928
Financial assets through income statement	-	-
Financial assets through OCI	971,597	1,693,942
Credit facilities, net	102,567,695	100,048,642
Financial assets at amortized cost	-	-
Other assets	26,715,370	28,628,759
Total assets	348,323,753	383,038,271
Banks, customers deposits' and margin accounts	190,222,335	207,512,040
Loans	595,798	-
Provisions and other liabilities	14,039,030	10,427,552
Total liabilities	204,857,163	217,939,592
Shareholders' equity	143,466,590	165,098,679
Total liabilities and shareholder's equity	348,323,753	383,038,271
Non-Controlling interest	54,882,281	62,770,259

B. Summarized statement of comprehensive income before elimination entries as of 31 December 2015:

	31 December 2015	31 December 2014
	National Bank of Iraq	National Bank of Iraq
	IQD	IQD
Interest and commission income, net	13,477,516	18,490,261
Other income	2,309,877	1,869,890
Gross profit	15,787,393	20,360,151
General and administrative expenses	9,208,605	7,615,000
Provisions	15,351,988	4,102,272
Total expenses	24,560,593	11,717,272
Profit before tax	(8,773,200)	8,642,879
Income tax	1,353,877	1,321,901
Profit after tax	(10,127,077)	7,320,978
Other comprehensive income	(643,199)	616,512
Total comprehensive income for the year	(10,770,276)	7,937,490
Non-Controlling interest	(3,863,480)	2,792,953

C. Summarized cash flow for significant subsidiaries:

	31 December 2015	31 December 2014
	National Bank of Iraq	National Bank of Iraq
	IQD	IQD
Cash flows		
Operating	(29,989,575)	(100,429,847)
Investing	3,845,496	16,836,506
Financing	(2,246,142)	87,558,988
Net (decrease) Increase	(28,390,221)	3,965,647

31 Retained Earnings

The details are as follow:

	2015	2014
	JD	JD
Balance at the beginning of the year	56,919,132	64,197,383
Profit for the year	4,932,352	33,521,823
Transferred to reserves	(1,541,197)	(6,849,765)
Losses from partially selling subsidiaries	-	(648,416)
Capital decrease fees	(142,500)	(301,893)
Distributed dividends	(29,390,000)	(33,000,000)
Balance at the end of the year	30,777,787	56,919,132

- Retained Earnings includes restricted balance of JD 8,235,623 for deferred tax assets as of 31 December 2015 against JD 7,643,911 as of 31 December 2014.
- Retained Earnings includes as of 31 December 2015 an amount of JD 1,689,282 represent the effects of early implementation of IFRS 9 , according to the Jordan securities commission this amount is restricted until realized.
- It is prohibited to utilize the negative balance of the fair value reserve form retained earnings.

32 Interest Income

The details are as follow:

	2015	2014
	JD	JD
Direct Credit Facilities:		
Retail		
Overdrafts	719,829	849,135
Loans and bills	11,507,599	10,622,514
Credit cards	615,765	456,778
Real estate mortgages	8,504,466	9,881,953
Corporate		
Overdrafts	6,569,679	6,812,155
Loans and bills	28,316,908	31,636,660
Small and medium enterprises (SMEs)		
Overdrafts	1,874,334	1,411,995
Loans and bills	3,647,078	2,862,347
Government and public sectors	5,015,629	1,164,436
Balances at central banks	794,183	69,924
Balances at banks and financial institutions	181,503	1,590,689
Financial assets at amortized cost	32,567,240	41,363,263
Total	<u>100,314,213</u>	<u>108,721,849</u>

33 Interest Expense

The details are as follow:

	2015	2014
	JD	JD
Banks and financial institutions deposits	1,368,777	2,313,081
Customer deposits:		
Current accounts and deposits	1,178,324	3,348,797
Saving deposits	816,073	1,432,579
Time and notice deposits	29,842,377	38,636,624
Certificates of deposits	2,318,964	2,208,519
Margin accounts	1,435,952	1,095,732
Loans and borrowings	4,137,604	3,933,195
Deposits guarantee fees	2,079,409	1,838,199
Total	<u>43,177,480</u>	<u>54,806,726</u>

34 Net Commission Income

The details are as follow:

	2015	2014
	JD	JD
Commission income:		
Direct credit facilities	2,117,371	1,373,880
Indirect credit facilities	7,392,383	8,708,771
Other commission	8,017,291	12,635,400
Less: commission expense	<u>(1,760,059)</u>	<u>(2,155,893)</u>
Net Commission Income	<u>15,766,986</u>	<u>20,562,158</u>

35 Net Gain From Foreign Currencies

The details are as follow:

	2015	2014
	JD	JD
Revaluation of foreign currencies	5,215,265	2,295,049
Trading in foreign currencies	54,160	1,276
Total	5,269,425	2,296,325

36 (Loss) gain from financial assets at fair value through income statement

The details are as follow:

2015	Realized (loss) Gain	Unrealized (loss)	Dividends income	Total
	JD	JD	JD	JD
Equity shares	(4,691,391)	(157,343)	453,833	(4,394,901)
Bonds	-	(14,914)	-	(14,914)
Total	(4,691,391)	(172,257)	453,833	(4,409,815)

2014	Realized (loss) Gain	Unrealized (loss)	Dividends income	Total
	JD	JD	JD	JD
Equity shares	2,054,022	(991,840)	814,219	1,876,401
Total	2,054,022	(991,840)	814,219	1,876,401

37 Other Income

The details are as follow:

	2015	2014
	JD	JD
Recovery from written - off debts	101,270	8,950,220
Fees and commission resulted from sale of shares in subsidiaries	-	1,453,153
Income and commission from investments and securities	1,489,537	2,291,063
Others	142,742	-
Total	1,733,549	12,694,436

38 Employees' Expenses

The details are as follow:

	2015	2014
	JD	JD
Salaries and benefits	14,752,280	13,487,335
Bank's contribution in social security	1,414,179	1,265,169
Medical expenses	1,107,082	841,866
Training	403,509	181,720
Paid vacations	141,901	127,081
Bank's contribution to social activities fund	49,104	48,158
Others	256,429	236,812
Total	18,124,484	16,188,141

39 Other Operating Expenses

The details are as follow:

	2015	2014
	JD	JD
Rent and building services	3,228,634	2,606,757
Consulting and professional fees	2,623,269	1,613,356
Stationary and printing	433,653	377,811
Board of Directors' transportation	376,629	282,434
Reuters' and Bloomberg subscription expense	154,095	149,137
Donations	551,963	238,871
Advertisement	3,274,485	2,805,232
Subscriptions, fees and licenses	544,966	511,236
Security services	144,360	95,879
Travel and transportation	570,316	912,046
Computer expenses	919,611	928,544
Post, telephone, swift and Internet	435,059	381,686
Subscriptions	299,362	201,466
Cash transportation services	61,735	95,276
Insurance	320,800	291,931
Hospitality	84,202	64,086
Board of directors' remuneration	60,781	50,726
Maintenance	686,180	589,487
Others	1,348,500	881,845
Total	16,118,600	13,077,806

40 Impairment Losses and other Sundry Provisions

The details are as follow:

	2015	2014
	JD	JD
Goodwill impairment loss	(3,879,983)	-
Seized assets impairment loss	(3,136,873)	(495,114)
Other sundry provisions	(12,023,722)	(125,000)
Total	(19,040,578)	(620,114)

41 Earnings Per Share

Basic and diluted earnings per share

The details are as follow:

	2015	2014
	JD	JD
Profit for the year attributable to Bank's shareholders	4,932,352	33,521,823
Weighted average number of shares during the year	200,000,000	200,000,000
	JD / Fils	JD / Fils
Basic and diluted earnings per share	0/025	0/168

42 Fair Value Of Financial Assets Not Presented At Fair Value In The Financial Statements

	31 December 2015		31 December 2014	
	Book value	Fair value	Book value	Fair value
Other financial assets at amortized cost and pledged assets	377,457,019	396,379,280	592,394,838	606,577,815
Direct credit facilities, net	910,492,278	910,492,278	794,414,558	794,414,558

43 Cash and Cash Equivalents

The details are as follow:

	2015	2014
	JD	JD
Cash and balances with central banks maturing within 3 months	345,676,987	325,118,703
Add: Balances at banks and financial institutions maturing within 3 months	50,442,540	147,980,172
Less: Banks and financial institutions' deposits maturing within 3 months	(43,841,305)	(129,650,337)
Less: Restricted cash balances	(1,115,594)	(1,113,587)
	351,162,628	342,334,951

44 Derivative financial instruments

The table below shows the details of derivative financial instruments at the end of the year.

2015	Positive fair value	Negative fair value	Par (nominal) value maturity		
			Total nominal amount	Within 3 months	3-12 months
	JD	JD	JD	JD	JD
Currency sale contract	-	-	14,812,407	14,812,407	-
Currency purchases contract	-	30,846	14,781,561	14,781,561	-

2014	Positive fair value	Negative fair value	Par (nominal) value maturity		
			Total nominal amount	Within 3 months	3-12 months
	JD	JD	JD	JD	JD
Currency sale contract	-	16,955	7,382,178	7,382,178	-
Currency purchases contract	-	-	7,365,223	7,365,223	-
Currency swaps contracts	-	625,924	41,096,330	-	41,096,330

The par (nominal) value indicates the value of the outstanding transactions at the year end and does not indicate market risk or credit risk.

45 Related Party Transactions

The consolidated financial statements of the Bank include the following subsidiaries:

Company name	Ownership		Paid in capital	
	2015	2014	2015	2014
	%	%	JD	JD
Capital Investment and Brokerage Company	100%	100%	10,000,000	10,000,000
National Bank of Iraq	61.85%	61.85%	86,739,856	86,739,856
Bahrain Investment Fund Company	100%	100%	1,888	1,888
Capital Bank Corporate Advisory (DIFC) Limited	100%	100%	177,250	177,250

The Bank entered into transactions with major shareholders, directors, senior management in the ordinary course of business at commercial interest and commission rates.

The following related party transactions took place during the year:

	Related party		Others	Total	
	BOD members	Executive management		2015	2014
	JD	JD		JD	JD
Statement of financial position items:					
Bank Deposits with related parties	-	-	37,352,400	37,352,400	49,976,186
Bank Deposits	39,388,784	301,524	16,274,962	55,965,270	55,539,525
Margin accounts	360,728	-	41,530,594	41,891,322	10,784,988
Direct credit facilities	23,167,543	1,038,481	44,221	24,250,245	24,877,853
Direct credit facilities - watch list	16,266,366	-	-	16,266,366	7,402,281
Direct credit facilities-non-performing	3,245,233	-	-	3,245,233	-
Off-balance sheet items:					
Indirect credit facilities	2,091,959	-	42,037,045	44,129,004	45,157,247
Statement of income items:					
Interest and commission income	861,409	48,901	1,060,927	1,971,237	3,448,512
Interest and commission expense	503,856	1,814	368,030	873,700	495,474
The distribution of the profits of subsidiaries	-	-	1,831,597	1,831,597	14,086,619

- Interest rates on credit facilities in Jordanian Dinar range between 4% - 9.5%
- No credit facilities were granted in foreign currency.
- Interest rates on deposits in Jordanian Dinar range between 1.88% - 4%.
- Interest rates on deposits in foreign currency is 0.35%.

Compensation of the key management personnel is as follows:

	2015	2014
	JD	JD
Benefits (Salaries, wages, and bonuses) of executive management	2,603,313	3,457,364

46 Fair Value of Financial Instruments

Financial instruments include cash balances, deposits at banks and the Central Bank of Jordan, credit facilities, other financial assets, customers' deposits, banks deposits and other financial liabilities.

There are no material differences between the fair value of financial instruments and their carrying value.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the breakdown of the financial instruments at fair value and according to the above hierarchy:

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
2015				
Financial assets-				
Financial assets at fair value through income statement	2,353,111	1,021,128	-	3,374,239
Financial assets at fair value through other comprehensive income	2,297,033	3,809,746	-	6,106,779
Financial liabilities-				
Derivative instruments	-	-	(30,846)	(30,846)
2014				
Financial assets-				
Financial assets at fair value through income statement	13,699,407	974,427	-	14,673,834
Financial assets at fair value through other comprehensive income	2,204,515	3,195,902	-	5,400,417
Financial liabilities-				
Derivative instruments	-	-	(16,955)	(16,955)

47 Risk Management Policies

The Bank follows a comprehensive strategy aimed at maintaining the best practices in risk management relating to (Credit Risk, Operational Risk, Market Risk, Liquidity Risk, Interest Rate Risk, Concentration Risk, Information Security Risk, in addition to Other types of risk) in order to maintain both the financial position and profitability of the Bank.

The process of identifying, managing, and mitigating risk, as well as complying with the instructions of regulatory authorities and The Basel Committee is considered an overall shared responsibility throughout the bank. These tasks are carried out by several entities within the Bank; beginning with the Board of Directors and its committees, such as the Risk Committee, the Audit Committee, the Compliance Committee, in addition to other internal committees within the Bank such as the Internal Risk Management Committee, Assets and Liabilities Committee, the various Credit Committees, in addition to all of the Bank's branches and departments.

As an independent and specialized department in the Bank, the Risk Management Department focuses its efforts in accordance with its approved policies, in identifying the existing and potential threats (Financial & Non-Financial). The Risk Management Department designs methods that help in measuring and dealing with such threats and report them to the relevant parties on a regular basis. In addition to adapting and complying with instructions set by CBJ and Basel Committee, and keeping up with the best practices in relation to measuring and managing risk.

The Risk Management Department also participates in evaluating the Bank's Capital Adequacy as well as its effectiveness in employing this capital in order to achieve its strategic goals, and determine the requirements needed to manage and control the strategy related risks.

In addition, the Risk Management Department at the Bank operates within the general principles and corporate governance code which are consistent with the regulator's instructions, international best practices in relation to the Bank's size, volume of its activities, and complexity of its operations. These principles are as follows:

1. The Board of Directors and its risk committee both review and approve the Bank's Risk Appetite for potential losses associated with the various risk factors, as well as review and approve the Risk Management Policies in order to ensure that these policies keep up with all developments in the banking industry in terms of growth its operations and expansion of its services. In addition the Board of Directors ensures that the Bank's strategies are being implemented in relation to the bank's risk management.

2. The General Manager is considered the primary responsible person for risk management and its associated practices within the activity framework of the Bank, and is also the head of the Internal Risk Management Committee.
3. The risk management philosophy at the Bank is based on knowledge, experience ,the judgment capability of the supervisory management , and the availability of a clear authority matrix set by the Board of Directors.
4. Continuously developing the risk management systems and taking on the necessary steps and measures needed to make sure that the Bank is in compliance with the new international standards, namely the requirements of Basel II and more recently Basel III.
5. The Risk Department manages the Bank's risks according to a comprehensive centralized methodology, with the presence of systems that assist in managing these risks, and by providing various business units at the Bank with the methodologies and tools that are necessary for achieving an efficient and proper management of all types of risks. The Risk Department, which is headed by the Risk Management Department Manager, is linked to the Board's Risk Committee. There is also a direct link that connects the Risk Management Department Manager with the General Manager.
6. Risk management is the responsibility of all employees.
7. The role of the Assets and Liabilities Committee is in planning the optimal deployment and allocation of capital, assets and liabilities and the continuous monitoring of liquidity and market risks.
8. The Internal Audit Department provides an independent assurance on the compliance of the Bank's business units with the risk management policies and procedures, and the effectiveness of the Bank's risk management framework.
9. The Chief Financial Officer (CFO) is responsible for identifying the financial risks, as well as monitoring and maintaining the quality and soundness of financial information, and ensuring the accuracy and integrity of the disclosed financial statements.
10. The Compliance Department Manager is responsible for ensuring that the Bank complies with all the relevant regulations, legislation and laws, especially those issued by the regulatory authorities.

During 2015 the Bank has worked on several primary principles in risk management, mainly on the following:

1. Review of risk management policies in relation to new requirements and the strategic vision of the Bank as well as to enhance the measurement and management of risk.
2. Reviewing, renewal and adaptation of the Risk Appetite Framework and monitoring this framework on a monthly basis.
3. Applying Moody's International Credit Rating System in an effective manner, in order to classify the clients risk levels whether they are Corporate clients or SME's. In addition to adapting a score card rating model using Moody's to classify Retail clients.
4. Developing internal score card models to evaluate\ classify risks (Credit Risk/ Market & Liquidity Risk/ Concentration Risk) relying on a set of standards and indicators that reflect each type of risk.
5. Continue working on PCI (Payment land Industry).
6. Implementing the system relating to managing the buisness continuity plan from SunGard.

For the year 2016, the Bank is planning to work on several primary principles in risk management, mainly on the following:

1. Evaluate the Banks ability to adapt to the requirements of BASEL III and assess the requirements that have to be provided in order to comply with the Central Bank of Jordan's instructions regarding BASEL III.
2. The implementation of the second phase of Moody's Credit Rating System for classifying the facilities in order to apply the Foundation Internal Rating Approach for credit risk management.
3. Continue working on ISO requirements.
4. Implementing the ISO 27001 & 27002 requirments for Information Security.
5. Implementing systems for Information Security.

Credit Risk

Credit risk is the potential that a borrower or counterparty will fail or will be unable to meet his contractual obligations towards the bank in accordance with the agreed terms which could lead to possible losses. Credit Risk comprises the default and concentration risk that may arise from direct or indirect borrowings in addition to treasury investments classified within the Bank's portfolio.

The Bank generally manages Credit Risk through:

- A clear and comprehensive policy for managing credit risk in addition to approved credit policies.
- Setting clear and specific limits for credit risks level that are set by the Board of Directors and then circulated to the different business units.
- Adopting the concept of credit committees to ensure that the credit decisions are not made on individual or subjective basis.
- Having a clear criteria for selecting clients, the target market and the acceptable level of credit.
- A comprehensive and thorough financial and credit analysis covering the various aspects of risk for each clients and/or credit processes.
- The results of Moody's Credit Rating System in determining each client's risk classification.
- Reviewing and analyzing the quality of the credit portfolio periodically, according to specific performance indicators.
- Evaluating and monitoring constantly to avoid high credit concentration, and implementing the required remedial actions.
- Adopting early warning indicators and recognition of possible risks in the credit portfolio while revising them on a regular basis.
- Effective management and follow up of the preservation of the legal documentation process and collateral administration to ensure that there are no negative indicators or regress that may necessitate the undertaking of pre-emptive or safety actions.
- Periodical revision, or when necessary, of all extended credit facilities on individual basis to ensure that there are no negative indicators or regress that necessitate the undertaking of pre-emptive or safety actions.

Credit Risk Management Methods:

1. Credit Risk Appetite & Early Warning Procedures:

Key Risk Indicators for credit risk are set along with their corresponding limits which represent the general framework of the credit risk profile for the Board of Directors and are monitored on a monthly basis. In addition, early warning procedures are set in advance within pre-agreed upon limits in order to avoid any breaches, they are also reviewed on an annual basis to keep up with any developments.

2. Internal Risk Rating:

Clients are internally rated according to specialized and advanced internally developed systems through Moody's Credit Rating System to classify Corporate, SMEs, and Retail clients relative to a set of pre-determined standards, in addition to a score card rating system for lending the companies' employees. The results of these systems are then used to identify client's risk upon which the credit decision is made. The credit portfolio is monitored periodically to ensure that each client is rated and re-distributed according to the rating grades.

3. Stress Testing:

Stress testing is an imperatively effective and robust tool used by the Bank as part of the risk management process in general, including credit risk. It is highly effective in alerting the Board of Directors and the Executive Management on the impact of unexpected adverse events that may increase default rates, and in measuring the impact of such events on the Bank's profits/ losses and capital adequacy ratio, in order to take the necessary actions and precautions to be in compliance with the Central Bank of Jordan instructions and enhance the risk management at the Bank.

Credit Risk Mitigation Techniques:

The Bank follows several techniques to reduce credit risk:

1. Collaterals against Loans and Facilities, which include:

- a. Real estate mortgages.
- b. Car and vehicle mortgages.
- c. Machinery and equipment mortgages.
- d. Possession of goods stored in the bonded warehouse on behalf of the Bank mortgages.
- e. Financial instruments' such as stocks and bonds mortgages.
- f. Bank guarantees.
- g. Cash collateral.
- h. Governmental guarantees.
- i. Assignment of Proceeds.
- j. Debt instruments, whereby the external ratings issued by international rating agencies such as Standard & Poor's, Moody's and Fitch or other equivalent agencies, are used in managing credit risk exposure to debt instruments.

The Credit Review Department and Business Units determine the acceptable collaterals and its terms, taking into consideration:

- a. Accepting quality collaterals that can be easily liquidated at the appropriate time and value as needed by the Bank.
- b. The lack of correlation between the value of the collateral and the client activity.
- c. Monitoring the market value of collaterals on a regular basis, and in case of a decrease in the value of the collateral, the Bank requests additional collaterals to cover the deficit.
- d. Evaluating periodically the collaterals that are against non-performing loans.
- e. The Bank also sets insurance policies on some portfolios and set the appropriate provisions to mitigate the credit risks.

2. Credit Evaluation, Monitoring and Follow-up:

The Bank develops the necessary policies and procedures to determine the method of evaluating credit, while maintaining the impartiality and objectivity of the decision-making process in an institutional manner and within clear credit standards and principles.

According to the structure of the business units (Corporate, SMEs, Retail, Financial Analysis, and Credit Departments), the credit process follows these phases:

- a. Business Departments: attract clients and prepare the credit study reports, as well as prepare the credit rating for the clients.
- b. Credit Review Department: receives credit reports and the attached documents prepared by the business units, in order to conduct its own analysis whether credit-related, financial or non-financial) as well as to contribute their own recommendation and review the credit rating of the client
- c. Credit Control Department: reviews credit decisions, monitors credit limits ,collaterals, and follow-up to obtain any missing documents, and prepares the necessary control reports. In addition, the department monitors the compliance with the credit policies of the Bank, and directives of the Central Bank of Jordan in this regard.

The Bank adapts the principle of segregation of duties between the commercial function and credit management and executing operations, to ensure control over the credit granting process, so as to ensure that all the conditions are in full compliance with the bank credit policy, in terms of credit ceilings, guarantees and any other limitations. Moreover, the Bank authenticates all the documents and credit contracts prior to execution. Furthermore, the credit policies specify clear and detailed granting authority matrixes, according to the credit size, cash flow, and pertinent guarantees and collateral.

The Bank also places a great importance to provide training courses and programs for the employees working in the credit field, in order to enable them to carry out their duties and responsibilities proficiently and competently.

1) Credit Risk Exposures:

	2015	2014
	JD	JD
Statement of financial position items:		
Balances at Central Banks	318,235,921	289,476,950
Balances at banks and financial institutions	184,788,108	147,998,613
Deposits at banks and financial institutions	15,211,259	12,274,679
Financial assets at fair value through income statement	988,151	-
Direct credit facilities:		
Retail	108,813,751	106,221,008
Mortgages	140,125,935	127,367,433
Corporate	493,066,776	484,725,247
Small and medium enterprises (SMEs)	75,838,485	52,379,564
Governmental and public sector	103,541,367	31,724,593
Bonds and treasury bills:		
Financial assets at amortized cost , net	383,815,168	564,157,948
Financial investments- pledged as collateral	-	37,683,967
Other assets	5,564,513	12,120,111
Total statement of financial position Items	1,829,989,434	1,866,130,113
Off - statement of financial position items		
Letters of guarantee	137,322,191	154,032,267
Letters of credit	84,434,447	96,850,663
Issued acceptances	16,207,048	45,943,431
Unutilized credit facilities	32,326,307	36,987,515
Forward purchase contracts	6,200,877	3,398,282
Total off - statement of financial position items	276,490,870	337,212,158
Total	2,106,480,304	2,203,342,271

- The table above represent the maximum limit of the Bank's credit risk exposure as of 31 December 2015 and 2014, without taking into consideration the collateral and the other factors which will decrease the Bank's credit risk.
- For the statement of financial position items, the exposure in the above table is based on the balances as appeared on the consolidated statement of financial position.

2) Credit exposures are classified by the level of risks according to the following table:

2015	Retail	Real estate mortgages	Corporate	SMEs	Governmental and Public Sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low risk	8,753,578	413,192	7,621,664	7,177,251	605,983,822	-	629,949,507
Acceptable risk	50,292,285	137,728,895	423,648,648	67,360,004	179,412,104	226,748,561	1,085,190,497
Past due:							
Up to 30 days	10,300,331	1,794	11,062,203	135,079	-	-	21,499,407
From 31 to 60 days	1,474,574	6,337	33,351,105	29,870	-	-	34,861,886
Watch list	49,954,914	68,164	54,862,818	1,170,543	-	-	106,056,439
Non performing:							
Substandard	1,214,282	759,120	19,373	-	-	-	1,992,775
Doubtful	1,627,806	492,821	1,246,350	45,983	-	-	3,412,960
Loss	10,179,318	2,883,623	64,190,710	2,503,000	-	-	79,756,651
Total	122,022,183	142,345,815	551,589,563	78,256,781	785,395,926	226,748,561	1,906,358,829
Less: Suspended interest	(3,977,213)	(845,719)	(24,222,653)	(780,629)	-	-	(29,826,214)
Less: Allowance for impairment losses	(9,231,219)	(1,374,161)	(34,300,134)	(1,637,667)	-	-	(46,543,181)
Net	108,813,751	140,125,935	493,066,776	75,838,485	785,395,926	226,748,561	1,829,989,434

2014							
Low risk	7,672,911	413,498	20,921,405	3,938,263	907,578,992	-	940,525,069
Acceptable risk	85,244,179	126,970,051	419,763,301	44,355,167	12,600,000	175,257,869	864,190,567
Past due:							
Up to 30 days	28,912	3,938	9,979,867	952,266	-	-	10,964,983
From 31 to 60 days	135,864	221,721	15,791,741	2,091,556	-	-	18,240,882
Watch list	11,880,147	96,901	36,431,229	3,119,697	-	-	51,527,974
Non performing:							
Substandard	353,222	-	129,370	493,454	-	-	976,046
Doubtful	5,999,969	-	1,418,335	405,664	-	-	7,823,968
Loss	8,321,098	1,300,236	52,485,870	1,589,633	-	-	63,696,837
Total	119,471,526	128,780,686	531,149,510	53,901,878	920,178,992	175,257,869	1,928,740,461
Less: Suspended interest	(4,185,834)	(738,749)	(18,977,832)	(495,483)	-	-	(24,397,898)
Less: Allowance for impairment losses	(9,064,684)	(674,504)	(27,446,431)	(1,026,831)	-	-	(38,212,450)
Net	106,221,008	127,367,433	484,725,247	52,379,564	920,178,992	175,257,869	1,866,130,113

- Credit exposure includes facilities, balances and deposits at banks, bonds, treasury bills, and any other assets with credit exposure.
- The total debt balance is considered due if one instalment or interest is due.
- The overdraft account is considered due if it exceeds its limit.

The following table shows the distribution of collaterals measured at fair value over credit facilities:

2015	Retail	Real estate mortgages	Corporate	SMEs	Governmental and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Collaterals						
Low risk	8,753,578	413,192	7,109,895	7,177,251	-	23,453,916
Acceptable risk	52,157,129	87,041,615	122,665,354	36,753,683	-	298,617,781
Watch list	4,750,252	62,066	40,308,208	188,089	-	45,308,615
Non performing:						
Substandard	911,461	356,642	-	-	-	1,268,103
Doubtful	769,058	164,736	535,580	-	-	1,469,374
Loss	4,073,334	1,489,594	10,362,977	803,975	-	16,729,880
Overdraft accounts	-	-	511,769	-	-	511,769
Total	71,414,812	89,527,845	181,493,783	44,922,998	-	387,359,438
Comprising of:						
Cash margin	8,956,889	413,192	7,118,222	7,177,251	-	23,665,554
Real Estate	41,331,869	89,114,653	145,227,670	32,833,900	-	308,508,092
Quoted equities	-	-	9,860,305	1,623,922	-	11,484,227
Vehicles and machinery	21,126,054	-	19,287,586	3,287,925	-	43,701,565
Total	71,414,812	89,527,845	181,493,783	44,922,998	-	387,359,438
2014						
Collaterals						
Low risk	7,672,911	413,498	20,921,405	3,938,263	-	32,946,077
Acceptable risk	32,767,471	93,171,848	153,924,916	39,598,856	-	319,463,091
Watch list	278,779	1,594,300	7,718,662	4,618,000	-	14,209,741
Non performing:						
Substandard	6	14,700	-	774,625	-	789,331
Doubtful	41,738	478,854	-	86,201	-	606,793
Loss	46,157	1,728,675	11,553,137	746,674	-	14,074,643
Overdraft accounts	-	-	521,494	5	-	521,499
Total	40,807,062	97,401,875	194,639,614	49,762,624	-	382,611,175
Comprising of:						
Cash margin	7,672,911	413,498	20,921,405	3,938,263	-	32,946,077
Real Estate	8,973,101	95,243,489	148,719,101	39,694,264	-	292,629,955
Quoted equities	4,796,675	-	9,999,815	831,100	-	15,627,590
Vehicles and machinery	19,364,375	1,744,888	14,999,293	5,298,997	-	41,407,553
Total	40,807,062	97,401,875	194,639,614	49,762,624	-	382,611,175

The fair value of collaterals shown above does not exceed the value of the loan for each individual client.

Rescheduled loans

Are defined as loans that were classified as "Non-performing" credit facilities, and subsequently removed and included under "Watch List" based upon a proper rescheduling that complies with the Central Bank of Jordan's regulations. These loans amounted to JD 40,848,764 as of 31 December 2015, against JD 23,549,334 as of 31 December 2014.

The rescheduled loans balances represents the scheduled loans either still classified as watch list or reclassified as to performing.

Restructured loans

Restructuring is defined as reorganizing credit facilities in terms of installments, extending the term of credit facilities, deferment of instalments, or extending the grace period and accordingly are classified as "Watch List" in case of restructuring twice during the year according to the Central Bank of Jordan instructions number 47/2009 issued on 10 December 2009 and its amendments. These debts amounted to JD 45,756,552 as of 31 December 2015, against JD 48,761,058 as of 31 December 2014.

3) Bonds and Treasury Bills

The following table shows the classifications of bonds and treasury bills based on the international credit rating agencies as in 31 December 2015:

Bonds and Bills

Risk Rating Class	Financial Assets at fair value through income statement	Financial Assets at amortized cost	Financial assets at fair value through other comprehensive income	Pledged Financial Assets	Total
	JD	JD		JD	JD
Non-rated	689,602	18,976,522	-	-	19,666,124
Governmental	289,439	358,480,497	-	-	358,769,936
Baa1/ Moodys	-	-	-	-	-
A-/ S&P	-	-	-	-	-
BBB+/ S&P	-	-	-	-	-
Total	979,041	377,457,019	-	-	378,436,060

4) Credit Concentration based on geographic distribution is as follows:

Geographic sector	Inside Jordan	Other Middle Eastern countries	Europe	Asia*	America	Other	Total
	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	152,977,810	165,258,111	-	-	-	-	318,235,921
Balances at banks and financial institutions	65,459,241	16,800,174	69,831,533	3,142,552	29,173,747	380,861	184,788,108
Deposits at banks and financial institutions	13,052,845	-	2,158,414	-	-	-	15,211,259
Financial assets at fair value through income statement	988,151	-	-	-	-	-	988,151
Direct credit facilities:							
Retail	79,782,841	29,030,910	-	-	-	-	108,813,751
Real Estate mortgages	140,125,935	-	-	-	-	-	140,125,935
Corporate lending:							
Large corporations	419,533,221	73,533,555	-	-	-	-	493,066,776
Small and medium enterprises (SMEs)	75,835,254	3,231	-	-	-	-	75,838,485
Governmental and public Sector	103,541,367	-	-	-	-	-	103,541,367
Bonds and treasury bills within:							
financial assets at amortized cost	380,843,189	2,971,979	-	-	-	-	383,815,168
Pledged financial assets	-	-	-	-	-	-	-
Other assets	807,789	4,756,724	-	-	-	-	5,564,513
Total 2015	1,432,947,643	292,354,684	71,989,947	3,142,552	29,173,747	380,861	1,829,989,434
Total 2014	1,437,225,660	352,292,311	41,614,728	682,609	34,139,318	175,487	1,866,130,113

* Excluding inside the kingdom and Middle east countries

5) Concentration in credit exposures based on economic sectors is as follows:

Economic sector	Financial	Industrial	Commercial	Real estate*	Agriculture	Shares	Retail	Governmental and Public Sector	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	-	-	-	-	-	-	-	318,235,921	-	318,235,921
Balances at banks and financial institutions	184,788,108	-	-	-	-	-	-	-	-	184,788,108
Deposits at banks and financial institutions	15,211,259	-	-	-	-	-	-	-	-	15,211,259
Financial assets at fair value through income statement	696,466	-	-	-	-	-	-	291,685	-	988,151
Credit facilities	24,991,180	107,334,283	180,439,951	225,602,505	17,145,115	36,475,685	84,661,354	103,541,367	141,194,874	921,386,314
Bonds and treasury bills:										
Financial Assets at amortized Costs, net	8,207,171	10,977,969	-	-	-	-	-	363,028,128	1,601,900	383,815,168
Pledge financial assets	-	-	-	-	-	-	-	-	-	-
Other assets	5,265,688	-	-	-	-	-	-	298,825	-	5,564,513
Total 2015	239,159,872	118,312,252	180,439,951	225,602,505	17,145,115	36,475,685	84,661,354	785,395,926	142,796,774	1,829,989,434
Total 2014	194,491,466	124,297,351	125,254,148	218,261,514	16,654,063	44,473,607	100,177,881	920,178,992	122,341,091	1,866,130,113

* The balance includes real estate loans granted to large corporations and housing loans.

Market Risk

Market Risk is the risk of fluctuations and changes in the fair value or the cash flow of financial instruments, due to changes in market prices such as interest rates, exchange rates, and stock prices. Market risk arises from open positions in interest rates, currency rates and equity and security investments. These risks are monitored through specific policies and procedures by specialized committees and concerned business units. The risks include the following:

- Interest Rate Risk
- Exchange Rate Risk
- Equity Price Risk

The Bank manages the expected market risk by adopting financial and investment policies within a specific strategy, and through the Assets and Liabilities Committee, which is tasked with the supervision of market risk and providing advice regarding the acceptable risks and the policy that is being followed. The Market Risk Unit has been established and staffed by qualified and trained personnel to manage this type of risk according to the following:

1. Policies and procedures that are approved by the Board of Directors and the Central Bank of Jordan.
2. Market Risk Policy that includes principles of identifying, managing, measuring and monitoring this type of risk and having it approved by the relevant committees.
3. Monitoring reports for managing and monitoring market risk.
4. Developing tools and measures to manage and monitor market risk through:
 - Sensitivity Analysis
 - Basis Point Analysis
 - Value at Risk (VaR)
 - Stress Testing
 - Stop-Loss Limit Reports
 - Monitoring the Bank's investment limits
 - Monitoring the Bank's investment portfolio at fair value through other comprehensive income and conducting revaluations of the portfolio on a regular basis.
5. The Middle Office Unit is tasked with monitoring, on a daily basis, all the investment limits in the money market and the foreign exchange transactions.

Interest Rate Risk:

Interest rate risk arises from the possible impact of changes in interest rates on the Bank's profits or the fair value of financial instruments. The Bank is exposed to interest rate risk due to the possible interest rate mismatch or gap between assets and liabilities valued at different time intervals, or the revision of the interest rates at a given time interval. The Bank manages these risks by reviewing the interest rates on assets and liabilities on a regular basis.

The Assets and Liabilities Management Policy includes limits for interest rate sensitivity. The Asset and Liability Committee evaluates the interest rate risk through periodic meetings and examines the gaps in the maturities of assets and liabilities and the extent by which it is affected by the current and expected interest rates, while comparing it with the approved limits, and implementing hedging strategies when needed.

The Bank uses hedging instruments such as Interest Rate Swaps to curb the negative impact of fluctuations in interest rates.

Interest Rate Risk Reduction Methods:

The Asset and Liability Committee, through periodic meetings convened for this purpose, evaluates the assets and liabilities maturity gaps, and the extent of their exposure to the impacts of current and expected interest rates are examined. In addition, solutions are proposed to reduce the impact of these risks.

Balancing due dates of assets and liabilities; the management of the Bank seeks to harmonize the impact of interest rates changes within the assets and liabilities maturity categories to mitigate any negative impact that may arise from fluctuations in interest rates.

Interest Rate Gaps:

The Bank mitigates any gaps in interest rates through a circular that adjusts interest rates on its assets and liabilities that links and balances the maturities and interests.

Interest Rate Hedging:

The Bank acquires long-term financing to meet its long-term investments using fixed interest rates as much as possible to avoid interest rate fluctuations. Conversely, the Bank invests in short-term investments to meet any possible fluctuations.

The sensitivity of statement of income is represented by the effect of the possible expected changes in interest rates on the Bank's profits for one year. It is calculated based on the financial assets and liabilities that carry a variable interest rate as at 31 December 2015.

2015	Increase in interest rate	Sensitivity of interest income (profit and loss)	Sensitivity of equity
Currency	%	JD	JD
US Dollar	1	154,488	-
Euro	1	1,278	-
Pound Sterling	1	4,869	-
Japanese Yen	1	16,721	-
Other Currencies	1	(13,879)	-

2014	Increase in interest rate	Sensitivity of interest income (profit and loss)	Sensitivity of equity
Currency	%	JD	JD
US Dollar	1	(1,909,134)	-
Euro	1	(5,342)	-
Pound Sterling	1	(47)	-
Japanese Yen	1	9	-
Other Currencies	1	(1,356)	-

2015	Decrease in interest rate	Sensitivity of interest income (profit and loss)	Sensitivity of equity
Currency	%	JD	JD
US Dollar	1	154,488	-
Euro	1	1,278	-
Pound Sterling	1	4,869	-
Japanese Yen	1	16,721	-
Other Currencies	1	(13,879)	-

2014	Decrease in interest rate	Sensitivity of interest income (profit and loss)	Sensitivity of equity
Currency	%	JD	JD
US Dollar	1	1,909,134	-
Euro	1	5,342	-
Pound Sterling	1	47	-
Japanese Yen	1	(9)	-
Other Currencies	1	1,356	-

2. Currency Risks

The currency risk is the risk of change in the value of financial instruments due to change in exchange rates. The Jordanian Dinar is the base currency of the Bank. The Board of Directors imposes limits for the financial position of each currency at the Bank. The foreign currency positions are monitored on a daily basis, and hedging strategies are implemented to ensure the maintenance of foreign currencies' positions within the approved limits.

The Bank's investment policy states that it is possible to hold positions in major foreign currencies, provided that they do not exceed 5% of shareholders' equity for each currency, and that the gross foreign currencies position does not exceed 15% of shareholders equity. Also, the foreign currency positions are monitored on a daily basis. In addition, complex market instruments can be used to hedge against fluctuations in currency exchange rates according to limits that ensure the Bank is not exposed to additional risks.

The following table illustrates the possible effect on the statement of income as a result of fluctuations in exchange rates against the Jordanian Dinar, assuming that all other variables remain constant:

2015	Change in currency exchange rate	Effect on profit and loss
Currency	%	JD
Euro	5	(1,212,442)
Pound Sterling	5	(4,323)
Japanese Yen	5	865
Other currencies	5	5,951,530

2014	Change in currency exchange rate	Effect on profit and loss
Currency	%	JD
Euro	5	(546,262)
Pound Sterling	5	152,906
Japanese Yen	5	281
Other currencies	5	9,484,286

In the event of negative change in the indicator, the effect will remain constant but with an opposite sign.

3. Equity Price Risk

Equity price risk arises from the change in the fair value of equity investments. The Bank manages this risk by distributing its investments over various geographic and economic sectors. Most of the Bank's equity investments are listed in Amman Stock Exchange.

The following table illustrates the statement of income sensitivity and the cumulative change in fair value as a result of possible reasonable changes in the equity prices, assuming that all other variables remain constant:

Indicator	Change in indicator	Effect on profit and loss	Effect on equity
2015	%	JD	JD
Amman Stock exchange	5	119,591	232,934
Regional Markets	5	168	72,405
International markets	5	-	-

Indicator	Change in indicator	Effect on profit and loss	Effect on equity
2014	%	JD	JD
Amman Stock exchange	5	167,312	78,503
Regional Markets	5	566,379	106,796
International markets	5	-	-

In the event of negative change in the indicator, the effect will remain constant but with an opposite sign.

The sensitivity of the interest rates is as follows:

The following analysis shows interest rate re-pricing or maturity dates, whichever is earlier:

31 December 2015	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 years or more	Non-interest bearing	Total
Assets	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at Central Banks	74,650,798	-	-	-	-	-	271,026,189	345,676,987
Balances at banks and financial institutions	105,005,236	10,510,250	-	-	-	-	69,135,245	184,650,731
Deposits at banks and financial institutions	-	-	15,158,414	-	-	-	-	15,158,414
Direct credit facilities	219,337,443	35,751,578	14,909,728	42,801,024	100,872,267	488,027,247	8,792,991	910,492,278
Financial Assets at fair value through income statement	-	-	-	-	-	979,041	2,395,198	3,374,239
Financial Assets at fair value through other comprehensive income	-	-	-	-	-	-	6,106,779	6,106,779
Financial Assets at amortized Cost, net	5,886,224	14,956,810	2,999,828	78,151,535	183,277,926	92,184,696	-	377,457,019
Property and equipment (Net)	-	-	-	-	-	-	30,065,873	30,065,873
Intangible assets(Net)	-	-	-	-	-	-	4,225,580	4,225,580
Deferred tax assets	-	-	-	-	-	-	8,235,623	8,235,623
Other assets	4,110,177	2,095,387	4,391,370	1,511,895	2,215,112	8,692,090	77,771,755	100,787,786
Total Assets	408,989,878	63,314,025	37,459,340	122,464,454	286,365,305	589,883,074	477,755,233	1,986,231,309
Liabilities								
Banks and financial institution deposits	36,105,805	7,735,500	2,000,000	-	-	-	-	45,841,305
Customers' deposits	216,679,020	242,469,804	141,952,806	241,027,241	78,505,419	-	424,506,819	1,345,141,109
Cash Margin accounts	23,839,398	4,747,391	6,064,916	5,122,430	12,300,590	23,657,357	40,710,036	116,442,118
Loans and borrowings	804,678	8,816,839	16,838,068	25,277,150	20,843,111	11,734,247	-	84,314,093
Subordinated loans	-	-	-	-	-	17,725,000	-	17,725,000
Secondary loans (convertible to shares)	-	-	7,672,563	-	-	-	-	7,672,563
Sundry provisions	-	-	-	-	-	-	12,035,722	12,035,722
Income tax provisions	-	-	-	-	-	-	7,870,942	7,870,942
Deferred tax liabilities	-	-	-	-	-	-	862,360	862,360
Other Liabilities	6,180,899	2,250,477	1,324,801	2,288,076	744,529	-	11,186,902	23,975,684
Total Liabilities	283,609,800	266,020,011	175,853,154	273,714,897	112,393,649	53,116,604	497,172,781	1,661,880,896
Interest rate sensitivity gap	125,380,078	(202,705,986)	(138,393,814)	(151,250,443)	173,971,656	536,766,470	(19,417,548)	324,350,413
31 December 2014								
Total Assets	291,672,790	104,317,857	130,482,787	197,363,590	313,029,832	457,444,835	567,377,828	2,061,689,519
Total Liabilities	277,969,957	235,559,937	230,701,264	288,431,546	63,280,439	74,228,723	546,636,526	1,716,808,392
Interest rate sensitivity gap	13,702,833	(131,242,080)	(100,218,477)	(91,067,956)	249,749,393	383,216,112	20,741,302	344,881,127

Concentration in Foreign currency risk:

2015	US Dollar	Euro	Pound sterling	Japanese Yen	Other	Total
Assets						
Cash and balances at Central Bank of Jordan	38,390,073	990,378	395,829	-	175,312,495	215,088,775
Balances at banks and financial institutions	140,331,680	10,808,580	3,879,005	3,142,552	2,447,183	160,609,000
Deposits at banks and financial institutions	-	-	2,158,414	-	-	2,158,414
Financial assets at fair value through income statement	979,041	-	-	-	3,369	982,410
Financial assets at fair value through other comprehensive income	476,507	-	-	-	971,597	1,448,104
Financial assets at amortized cost, Net	27,839,460	-	-	-	-	27,839,460
Direct credit facilities	220,540,185	76,382	930,596	-	32,730,666	254,277,829
Property and equipment (Net)	1,633,798	-	-	-	8,866,965	10,500,763
Intangible assets (Net)	3,600	-	-	-	1,135,677	1,139,277
Other assets	7,113,367	84,282	3,386	-	6,585,050	13,786,085
Total Assets	437,307,711	11,959,622	7,367,230	3,142,552	228,053,002	687,830,117
Liabilities						
Banks and financial institution deposits	30,789,813	9,869,052	7,984	13,156	1,146,476	41,826,481
Customers' deposits	349,063,028	22,885,784	7,317,895	3,101,371	70,923,407	453,291,485
Margin accounts	27,714,583	3,450,486	20,468	10,721	33,359,793	64,556,051
Loans and borrowings	20,547,028	-	-	-	-	20,547,028
Subordinated and secondary loans (convertible to shares)	25,397,563	-	-	-	-	25,397,563
Sundry provisions	12,447,000	-	-	-	-	12,447,000
Income tax provision	-	-	-	-	1,135,308	1,135,308
Other liabilities	1,489,594	3,142	1,294	-	2,457,414	3,951,444
Total Liabilities	467,448,609	36,208,464	7,347,641	3,125,248	109,022,398	623,152,360
Net concentration in the statement of financial position	(30,140,898)	(24,248,842)	19,589	17,304	119,030,604	64,677,757
Forward contracts	57,653	-	(106,050)	-	-	(48,397)
Net concentration in foreign currency	(30,083,245)	(24,248,842)	(86,461)	17,304	119,030,604	64,629,360
2014						
Total Assets	309,205,008	21,448,232	8,903,795	682,609	401,696,993	741,936,637
Total Liabilities	419,985,799	32,373,478	5,841,111	676,991	212,011,270	670,888,649
Net concentration in the statement of financial position	(110,780,791)	(10,925,246)	3,062,684	5,618	189,685,723	71,047,988
Forward contracts	3,112,863	-	(4,571)	-	-	3,108,292
Net concentration in foreign currency	(107,667,928)	(10,925,246)	3,058,113	5,618	189,685,723	74,156,280

Liquidity Risk

Liquidity risk Which is the risk arising from the probability of the Bank being unable to raise adequate funds in any geographical region, currency and time, to meet its obligations when they are due, or to finance its activities without bearing high costs or incurring losses because of resorting to:

1. Selling Bank assets at low prices; leading to a decrease in the expected returns and the financial profits of the Bank.
2. Acquiring high-cost obligations in order to meet its commitments, which would lead to an increase in the costs and a consequent decrease in the expected profits of the Bank.

The impact of a liquidity risk is identified by ascertaining the extent of the liquidity of its assets and the ability of the Bank to convert liquid and semi-liquid assets into cash with the least amount of losses if the prices decrease. The Bank should provide the assets that can be sold at a price that is close to its fair value. Accordingly, the liquidity risk which the Bank may be subject to can be divided into the following:

- **Funding Liquidity Risk:** the inability of the Bank to convert assets into cash such as accounts receivable, or obtain financing to meet commitments
- **Market Liquidity Risk:** the inability of the Bank to sell assets in the market or the sale of these assets at a large financial loss due to the poor liquidity or demand in the market.

Managing, measuring and monitoring the liquidity risk are all activities that are governed by pre-set policies and procedures as well as the Contingency Funding Plan and through the Asset and Liability Committee (ALCO). The Committee is tasked with monitoring and controlling liquidity and ensuring the optimum strategic distribution of the Bank assets and liabilities, whether in the on/off-statement of financial position items of it in coordination with the head of Treasury and Investment Department. The management of liquidity risk is conducted within the following group of inputs:

1. A set of policies and procedures approved by the committees which determine principles, definition, management, measurement and monitoring of liquidity risk.
2. Contingency Funding Plan, which includes:
 - a. Specific procedures for liquidity contingency management.
 - b. A specialized committee for liquidity contingency management.
 - c. Liquidity Contingency Plan.
 - d. Analysis of the liquidity position of the Bank based on the following liquidity reports:
 - Duration gap analysis of assets and liabilities
 - Legal liquidity ratio, liquidity according to maturity ladder (in Jordanian dinar and foreign currencies).
 - Certificate of Deposits (CDs) issued by Capital Bank (in Jordanian dinar and foreign currencies).
 - Customers Deposits (in Jordanian dinar and foreign currencies)
 - Liquidity Indicators Report
 - Liquidity Stress tests

The Treasury and Investment Department, in coordination with the Market Risk Unit, diversifies funding sources and matches its maturity dates, and maintains sufficient liquid assets, in order to mitigate liquidity risk. Accordingly, this is accomplished through:

1. **Analysis and monitoring of assets and liabilities maturity dates:** the Bank examines the liquidity of its assets and liabilities as well as any changes that may occur on a daily basis. Through the Asset and Liability Committee, the Bank seeks to achieve a balance between the maturity dates of the assets and liabilities, and monitors the gaps in relation to those specified by the policies of the Bank.
2. **Liquidity Contingency Plan:** Assets and Liabilities Risk Management Committee submits its recommendations regarding the liquidity risk management and its procedures and sets necessary orders to apply the effective monitoring controls and issues reports regarding liquidity risk and the ability to adhere to the policies and controls. In addition to providing analytical resources to top management including monitoring all the technical updates related to the measurements and liquidity risk and its application.
3. **Geographical and sectorial distribution:** the assets and liabilities of the Bank are distributed regularly into local and foreign investments depending on more than one financial and capital market. The facilities are also distributed among several sectors and geographical regions while maintaining a balance between providing customer and corporate credit. Furthermore, the Bank seeks to diversify the sources of funding and their maturity dates.
4. **Cash reserves at the banking monitoring authorities:** The Bank maintains a statutory cash reserve at the banking monitoring authorities amounting to JD 100,704,634 million.

First: The table below summarizes the undiscounted cash flows of the financial liabilities:

31 December 2015		Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 years or more	No fixed maturity	Total
Liabilities		JD	JD	JD	JD	JD	JD	JD	JD
Banks and financial institution deposits		36,105,805	7,790,422	2,028,400	-	-	-	-	45,924,627
Customers' deposits		641,600,527	245,052,107	144,976,401	251,295,001	88,538,412	-	-	1,371,462,448
Margin accounts		23,046,728	4,764,245	6,107,977	5,195,169	12,824,412	69,816,640	-	121,755,171
Loans and borrowings		807,092	8,896,191	17,141,154	26,187,128	23,094,167	13,846,411	-	89,972,143
Subordinated loans		-	-	-	-	-	23,884,438	-	23,884,438
Secondary loans (convertible to shares)		-	-	1,604,171	1,632,786	5,014,166	-	-	8,251,123
Sundry provisions		-	-	-	-	-	-	12,035,722	12,035,722
Income tax provision		-	7,870,942	-	-	-	-	-	7,870,942
Deferred tax liabilities		-	862,360	-	-	-	-	-	862,360
Other Liabilities		6,288,311	2,271,720	1,349,812	2,374,468	828,864	-	-	13,113,175
Total Liabilities		707,848,463	277,507,987	173,207,915	286,684,552	130,300,021	107,547,489	12,035,722	1,695,132,149
Total Assets		345,010,992	67,178,788	74,256,016	127,066,913	289,840,983	557,732,279	525,241,482	1,986,327,453

31 December 2014		Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 years or more	No fixed maturity	Total
Liabilities		JD	JD	JD	JD	JD	JD	JD	JD
Banks and financial institution deposits		129,682,471	17,063,699	21,429,318	-	1,044,964	-	-	169,220,452
Customers' deposits		566,901,469	204,786,016	182,497,638	255,153,557	46,012,071	1,591,842	-	1,256,942,593
Margin accounts		45,206,837	5,994,920	10,687,101	6,853,276	21,637,029	57,042,267	-	147,421,430
Loans and borrowings		39,991,894	8,790,445	19,249,115	26,366,158	459,171	1,784,965	-	96,641,748
Subordinated loans		-	-	-	-	-	23,884,438	-	23,884,438
Secondary loans (convertible to shares)		-	-	1,604,171	1,632,786	6,988,990	410,680	-	10,636,627
Sundry provision		-	-	-	-	-	-	125,000	125,000
Income tax provision		-	12,786,692	-	-	-	-	-	12,786,692
Deferred tax liabilities		-	343,638	-	-	-	-	-	343,638
Other Liabilities		15,480,451	16,477,047	1,290,308	1,902,857	292,157	11,589	-	35,454,409
Total Liabilities		797,263,122	266,242,457	236,757,651	291,908,634	76,434,382	84,725,781	125,000	1,753,457,027
Total Assets		305,062,859	105,847,180	135,352,373	208,092,269	320,382,948	488,138,779	498,813,111	2,061,689,519

Second: The table below summarizes the maturities of financial derivatives as of the date of the consolidated financial statements:

Financial derivatives / liabilities which are settled in net include; foreign currency derivatives, off-balance sheet market currency options, currency futures, and on-statement of financial position foreign currency swap contracts:

Foreign Currency Derivatives

2015	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Total
	JD	JD	JD	JD	JD

Derivatives held for trading:

Outflows	-	6,249,274	-	-	6,249,274
Inflows	-	6,200,877	-	-	6,200,877

2014	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Total
	JD	JD	JD	JD	JD

Derivatives held for trading:

Outflows		3,559,948	-	-	3,559,948
Inflows		3,398,282	-	-	3,398,282

Third: Off-balance sheet					
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2015	Up to 1 year	1 – 5 years	Total
	JD	JD	JD
Acceptances and Letters of Credit	16,207,048	84,434,447	100,641,495
Unutilized credit limits	-	32,326,307	32,326,307
Letters of guarantee	137,322,191	-	137,322,191
Foreign Currency Forward Deals	6,200,877	-	6,200,877
Total	159,730,116	116,760,754	276,490,870

2014	Up to 1 year	1 – 5 years	Total
	JD	JD	JD
Acceptances and Letters of Credit	45,943,431	96,850,663	142,794,094
Unutilized limits credit	-	36,987,515	36,987,515
Letters of guarantee	154,032,267	-	154,032,267
Foreign Currency Forward Deals	3,398,282	-	3,398,282
Total	203,373,980	133,838,178	337,212,158

Operational risk:

Operational risk is defined as the risk of loss arising from inadequate or failure of internal processes, human factor or systems, or resulting from external events. From a management perspective, this definition also includes legal risk, strategic risk and reputational risk for the purposes of managing these types of risk.

Due to the continuous change in the working environment and the management's desire to remain in-sync with all the technological advancements and to introduce new banking services and products. Operational Risk Policy has been designed and developed the Bank's departments, branches and its subsidiary, whereby the main principles are included and the policy's objectives are aligned with the Bank's strategic objectives. As a result Bank's strategies has been implemented to enhance the role of operational risk management which is represented by Operational Risk Management Framework, which includes all the bank's divisions, branches and subsidiaries. This requires determining, evaluating, supervising and rendering the operational risk to each branch separately as it is outlined in Basel committee accords through which control Risk Self Assessment (CRSA) made by:

1. holding "Workshops" based on adopted analysis procedures and audit reports thus identifying risks, controls, and determine the regulatory gap through the matrix of risk, In this context, a model of "regulatory examinations" manager of the unit/ department/ branch or his representative "coordinator or responsible".

2. Building key risk indicator to cover all Bank and its branches.
3. Provide a mechanism to collect operational events and calculate expected losses based on the events using "Actuarial Model" thus determine the carrying capacity" Risk Appetite" at every level all alone.
4. Supervising over the renovation and development of a business continuity plan in the Bank and its subsidiaries.

From this point, the continuity and effectiveness of operational risk management is an integral part of the responsibilities of all those concerned in the applications in the Bank and on all levels through:

- Adherence to regulatory examinations conducted by their schedules and without delay.
- Showing the result of regulatory tests with transparency and accuracy.
- Reporting and disclosing any losses or operating events without delay or hesitation.
- Adopt and implement the recommendations "Remedial Actions/ Recommendations/ Mitigations" that are put forward by the operational risk unit, that would mitigate the risks identified through workshops/ Reporting of events or operating losses/ Regulatory examinations.
- The role of the board of directors, Risk and compliance committee, Senior management, Audit department to activate the importance of operational risk and make it an integral part of the daily activities.

To ensure that the above is implemented, the operational risk management unit is keen on spreading knowledge and increasing awareness about operational risk management by conducting training courses and workshops for all Bank departments and by creating an effective work environment between the operational risk management unit and the concerned parties from each department. In addition, the operational risk management unit is responsible for raising reports to the Internal Risks Committee concerning any short comings or violations. This will ultimately lead to the development of risk profile at each department / unit level and the Bank level as a whole.

In addition to the above, the operational risk management unit is concerned with the following:

1. Reviewing the Bank's internal policies and procedures to highlight the associated risks and work on minimizing such risks prior to implementation.
2. Conducting stress testing and observing the results.
3. Internal assessment of capital with respect to operational risks in accordance with Central Bank of Jordan instructions.
4. Continuous development of the systems used to manage.
5. Continue the development of the integrated program for business continuity plans.

Information Security :

The responsibility of the Information Security / Risk management unit lies in ensuring security, availability and accuracy of the Banks information through the following:

1. Developing an Information security program based on leading International standards (ISO 27k, PCI DSS), that is in line with the Bank's strategy.
2. Providing the tools and means necessary to reduce Information security risks.
3. Developing security policies related to Information systems and resources.
4. Continuous security awareness for the Bank's employees and ensuring their compliance to the security program.
5. Managing security incidents related to Information management systems and raising recommendations to Top Management.
6. Developing security standards for various Information systems.
7. Working on developing a business continuity plan to ensure business continuity in the event of any disaster.
8. Identifying the appropriate controls to mitigate the risks faced by the bank through analyzing various Information security risks.

9. Preparing and developing security measures related to Information systems security incidents.
10. Managing Information systems security incidents and raising relevant recommendations to Top Management.
11. Ensuring the security and Integrity of hardware, software and various applications through risk analysis and periodic testing to ensure safe use of these resources.

48 Segment Information

1. Information about bank Activities:

For management purposes the Bank is organized into four major segments that are measured according to the reports used by the main decision maker at the Bank:

- **Retail banking:** Includes handling individual customers' deposits, credit facilities, credit card, and other services.
- **Corporate banking:** Includes monitoring deposits, credit facilities, and other banking facilities provided to corporate customers.
- **Corporate finance:** Principally arranging structured financing, and providing services relating to privatizations, IPOs, and mergers and acquisitions.
- **Treasury:** Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and wholesale banking.

These segments are the basis on which the Bank reports its segment information:

	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	Total	
						2015	2014
	JD	JD	JD	JD	JD	JD	JD
Total revenue	24,602,531	49,918,451	-	41,094,387	9,750,840	125,366,209	149,460,889
Allowance for credit losses	(1,224,712)	(7,532,010)	-	-	-	(8,756,722)	(7,682,930)
Segment result	5,818,164	18,137,392	-	33,101,903	9,750,841	66,808,300	83,823,500
Unallocated expenses						(55,750,486)	(33,716,940)
Profit before tax						11,057,814	50,106,560
Income tax						(9,988,942)	(13,791,784)
Net profit						1,068,872	36,314,776
Other information							
Segmental assets	271,988,602	638,503,676	-	932,424,169	143,314,862	1,986,231,309	2,061,689,519
Segmental liabilities	737,728,576	723,854,651	-	155,552,961	44,744,708	1,661,880,896	1,716,808,392
Capital expenditure						(6,028,163)	(7,775,991)
Depreciation and amortization						(3,823,218)	(3,606,383)

2. Geographical Information

This segment represents the geographical operations of the bank. The bank operates primarily in Jordan and also operates internationally in the Middle East, Europe, Asia, America and the Far-East.

The following table shows the distribution of the Bank's operating income and capital expenditure by geographical segment:

	In Jordan		Outside Jordan		Total	
	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD
Total revenue	136,737,593	147,587,273	(11,371,384)	1,873,616	125,366,209	149,460,889
Total assets	1,725,075,638	1,592,737,222	261,155,672	468,952,297	1,986,231,310	2,061,689,519
Capital expenditure	3,510,450	2,947,446	2,517,713	4,828,545	6,028,163	7,775,991

49 Capital Management

The Bank maintains an appropriate paid in capital in order to meet its operational risk, and it regularly monitors its capital adequacy in accordance with BASEL to comply with the Central Bank of Jordan's regulations.

According to Central Bank of Jordan regulations (52/2010), the minimum paid in capital of Jordanian banks should be JD 100 million before the end of 2011 and the capital for the foreign banks in Jordan should not be less than half of the capital for the Jordanian banks in accordance to article (12) and article (8) from the Law and Banks number (28) for the year 2000 and its adjustments. In addition, the regulation requires a minimum leverage ratio of 6%.

Through its operational years; the Bank maintained a capital adequacy ratio in excess of 12%, being the minimum capital adequacy rate required by the Central Bank of Jordan (8% as per Basel). Furthermore, the Bank regularly reviews and complies with the concentration ratios using regulatory capital as an indicator; noting that the instructions impose a ratio of no less than 14%.

The Bank manages and restructures its capital in light of the changes in the business environment. There has been no change on the Bank's capital structure during 2015 and 2014.

- Description of paid in capital

Regulatory capital comprises of primary capital and supplementary capital. Primary capital consists of: paid in capital, share premium, declared reserves, retained earnings, minority interest after excluding current period losses, goodwill, treasury stock cost, deficiency of required provisions, deferred tax assets and any other restricted balances by law.

The second part of regulatory capital is supplementary capital that consists of: undeclared reserves, subordinated debts, foreign currency translation adjustment, banking risk reserve, and hybrid debts. The third part is used to meet market risk. Investments in other banks and unconsolidated subsidiaries are excluded from regulatory capital.

- Regulatory Requirements for paid in capital

Capital adequacy ratio was calculated in accordance to Central Bank of Jordan regulations that are based on Basel II using the standardized approach:

	2015 JD	2014 JD
Primary capital		
Paid in capital	200,000,000	181,500,000
Statutory reserves	30,116,739	28,458,986
Voluntary reserves	9,690	9,690
Share premium	709,472	709,472
Retained earning	29,848,682	26,629,859
Proposed issue of shares		18,500,000
Less		
Intangible assets	4,225,580	5,354,801
Deferred tax assets	8,235,623	7,643,911
Goodwill	-	4,070,152
50% of investments in banks and other financial companies capital	870,382	499,061
Assets seized by the bank for more than 4 years	-	402,963
Total Primary capital	247,352,998	237,837,119
Supplementary Capital		
Foreign Currency translation reserve	379,962	5,647,798
General banking risk reserve	8,882,456	8,999,012
Fair value reserve	(1,407,974)	(1,156,006)
Subordinated loan	15,407,610	20,561,001
Less: 50% of Investments in banks and other financial institutions capital	870,382	499,061
Total Supplementary Capital	22,391,672	33,552,744
Total Regulatory Capital	269,744,670	271,389,863
Total Risk Reserve	1,473,568,168	1,443,441,319
Capital adequacy (%)	18.31%	18.80%
Primary Capital (%)	16.79%	16.48%

According to Basel II 50% of investments value in banks and subsidiaries should be deducted from primary paid in capital, and 50% of organizational paid in capital.

Capital adequacy ratio at 31 December 2015 and 2014 was calculated in accordance with Basel II.

50 Fiduciary Accounts

Investment custody accounts amounted JD 11,878,898 as of 31 December 2015 compared to JD 11,486,600 in 31 December 2014.

In the normal course of business, the Bank performs investment management services for its clients. Investments and other assets held by the Bank (Horizon fund) in a fiduciary capacity amounting to JD 2,329,728 as of 31 December 2015 are segregated from the Bank's assets and are not included in the Consolidated financial statements.

51 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

2015	Up to 1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Cash and balances at CBJ	345,676,987	-	345,676,987
Balances at banks and financial institutions	184,650,731	-	184,650,731
Deposits at banks and financial institutions	15,158,414	-	15,158,414
Direct credit facilities , net	347,869,287	562,622,991	910,492,278
Financial assets at fair value through income statement	2,395,198	979,041	3,374,239
Financial assets at fair value through other comprehensive income	-	6,106,779	6,106,779
Financial assets at amortized cost ,net	101,994,396	275,462,623	377,457,019
Pledged financial assets	-	-	-
Property and equipment (Net)	-	30,065,873	30,065,873
Intangible assets (Net)	-	4,225,580	4,225,580
Deferred tax assets	-	8,235,623	8,235,623
Other assets	13,064,976	87,722,810	100,787,786
Total Assets	1,010,809,989	975,421,320	1,986,231,309
Liabilities			
Banks and financial institution deposits	45,841,305	-	45,841,305
Customers' deposits	1,266,635,691	78,505,418	1,345,141,109
Margin accounts	38,953,256	77,488,862	116,442,118
Loans and borrowings	51,736,735	32,577,358	84,314,093
Subordinated loans	-	17,725,000	17,725,000
Secondary loans (convertible to shares)	3,151,111	4,521,452	7,672,563
Sundry provisions	-	12,035,722	12,035,722
Income tax provision	6,735,634	1,135,308	7,870,942
Deferred tax liabilities	862,360	-	862,360
Other liabilities	12,131,941	11,843,743	23,975,684
Total Liabilities	1,426,048,033	235,832,863	1,661,880,896
Net	(415,238,044)	739,588,457	324,350,413

2014	Up to 1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Banks	325,118,703	-	325,118,703
Balances at banks and financial institutions	129,318,721	18,661,451	147,980,172
Deposits at banks and financial institutions	12,168,358	-	12,168,358
Direct credit facilities	343,334,897	451,079,661	794,414,558

2014	Up to 1 year	More than 1 year	Total
	JD	JD	JD
Financial assets at fair value through income statement	14,673,834	-	14,673,834
Financial assets at fair value through other comprehensive income	5,400,417	-	5,400,417
Financial assets at amortized cost	219,524,879	335,396,081	554,920,960
Pledged financial assets	24,994,272	12,479,606	37,473,878
Property and equipment (Net)	-	27,173,329	27,173,329
Intangible assets (Net)	-	9,424,953	9,424,953
Deferred tax assets	7,643,911	-	7,643,911
Other assets	24,333,300	100,963,146	125,296,446
Total Assets	1,106,511,292	955,178,227	2,061,689,519
Liabilities			
Banks and financial institution deposits	167,920,337	1,000,000	168,920,337
Customers' deposits	824,302,469	409,836,934	1,234,139,403
Margin accounts	68,525,235	74,538,257	143,063,492
Loans and borrowings	92,864,685	1,912,188	94,776,873
Subordinated loans	-	17,725,000	17,725,000
Secondary loans (convertible to shares)	3,151,111	6,649,779	9,800,890
Sundry provisions	-	125,000	125,000
Income tax provision	12,786,692	-	12,786,692
Deferred tax liabilities	343,638	-	343,638
Other liabilities	34,854,887	272,180	35,127,067
Total Liabilities	1,204,749,054	512,059,338	1,716,808,392
Net Assets	(98,237,762)	443,118,889	344,881,127

52 Contingent Liabilities and Commitments

a) The total outstanding commitments and contingent liabilities are as follows:

	2015	2014
	JD	JD
Letters of credit	84,434,447	96,850,663
Acceptances	16,207,048	45,943,431
Letters of guarantee		
Payments	32,740,446	33,015,870
Performance	60,527,770	75,471,781
Other	44,128,975	45,544,616
Foreign currency forward	6,200,877	3,398,282
Unutilized direct credit limits	32,326,307	36,987,515
Total	276,565,870	337,212,158

b) The contractual commitments of the Bank are as follows:

	2015	2014
	JD	JD
Intangible assets contracts	2,552,351	1,154,425
Fixed assets contracts	1,345,967	943,635
Construction contracts	2,497,802	196,560
	6,396,120	2,294,620

Annual rent of the Bank's main building and branches amounted to JD 997,110 as 31 December 2015 (2014: JD 958,754).

53 Lawsuits against the Bank

The lawsuits raised against the Bank, as part of the ordinary course of business, amounted to JD 25,819,755 as of 31 of December 2015 (2014: JD 14,188,066). According to the Bank's management and legal counselor, the Bank will not be liable in any of these cases except for one lawsuit raised by a customer against the bank and its expected loss is JD 34 thousand, noting that full provision was taken against this lawsuit.

All lawsuits raised by Horizon group against the Bank and the company It has been issued by the deterministic response lawsuits content decisions for the bank and the company.

The lawsuits raised against Capital Investment and Brokerage Company Ltd/Jordan, as part of the ordinary course of business, amounted to JD 355,840 as of 31 of December 2015. According to the Bank's management, the Bank will not be liable in any of these cases.

The lawsuits raised against National Bank of Iraq, as part of the ordinary course of business, amounted to IQD 1,700 million (JD 1,062,500) as of 31 of December 2015. According to the Bank's management and legal counselor, the Bank will not be liable in any of these cases.

54 New And Amended International Financial Reporting Standards

Standards issued but not yet effective

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2018, and early adoption is permitted.

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The Bank has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The new version of IFRS 9 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)

In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

The amendments are effective for annual periods beginning on or after 1 January 2016, must be applied retrospectively and earlier adoption is permitted.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

The amendments to IAS 1 include narrow-focus improvements related to :

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

These amendments are not expected to impact the Bank's financial position or performance. The application of the amendments are not expected to have a significant impact on the Bank's disclosures.

The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Investment entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset.

As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Bank's financial statements.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

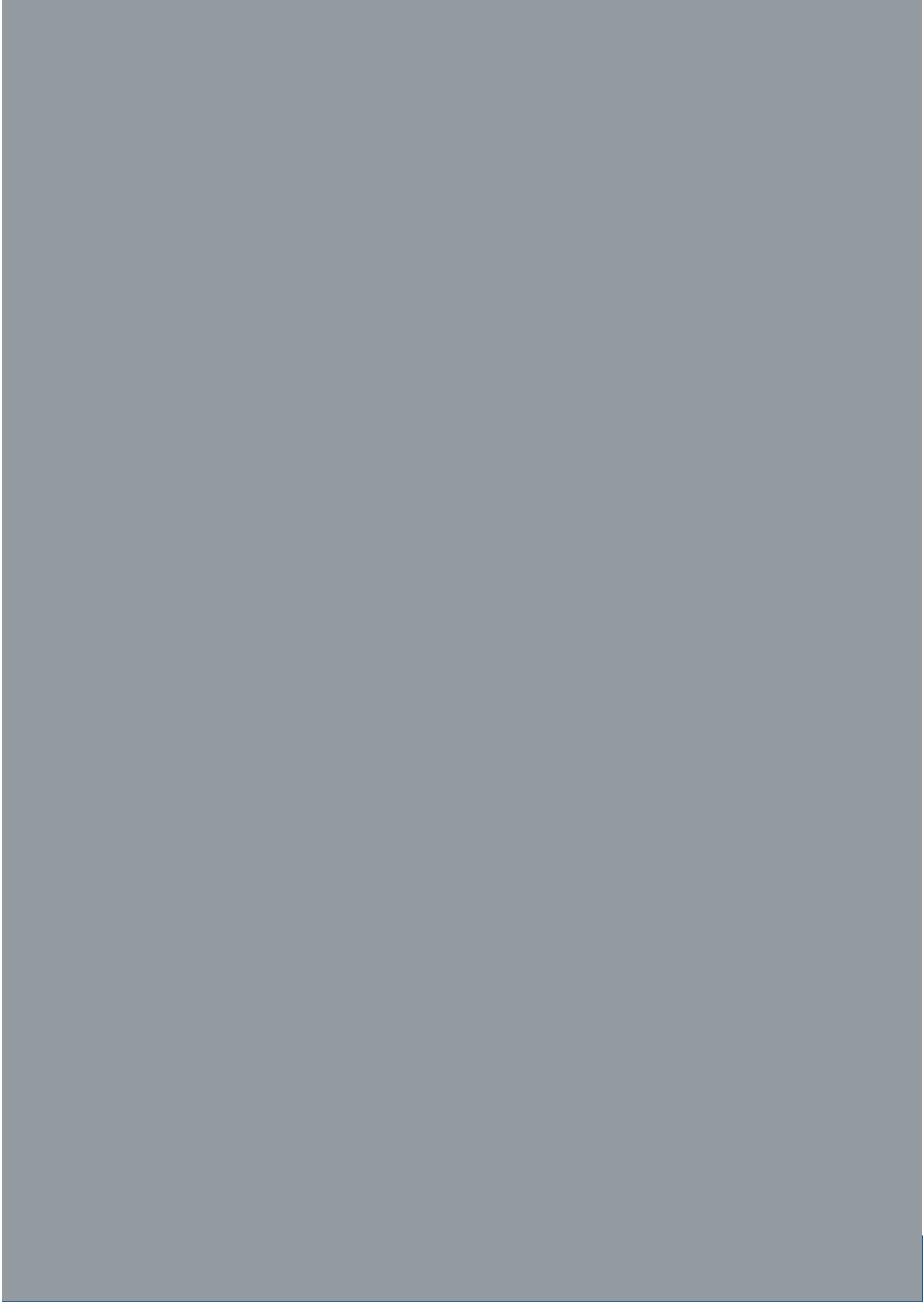
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Bank.

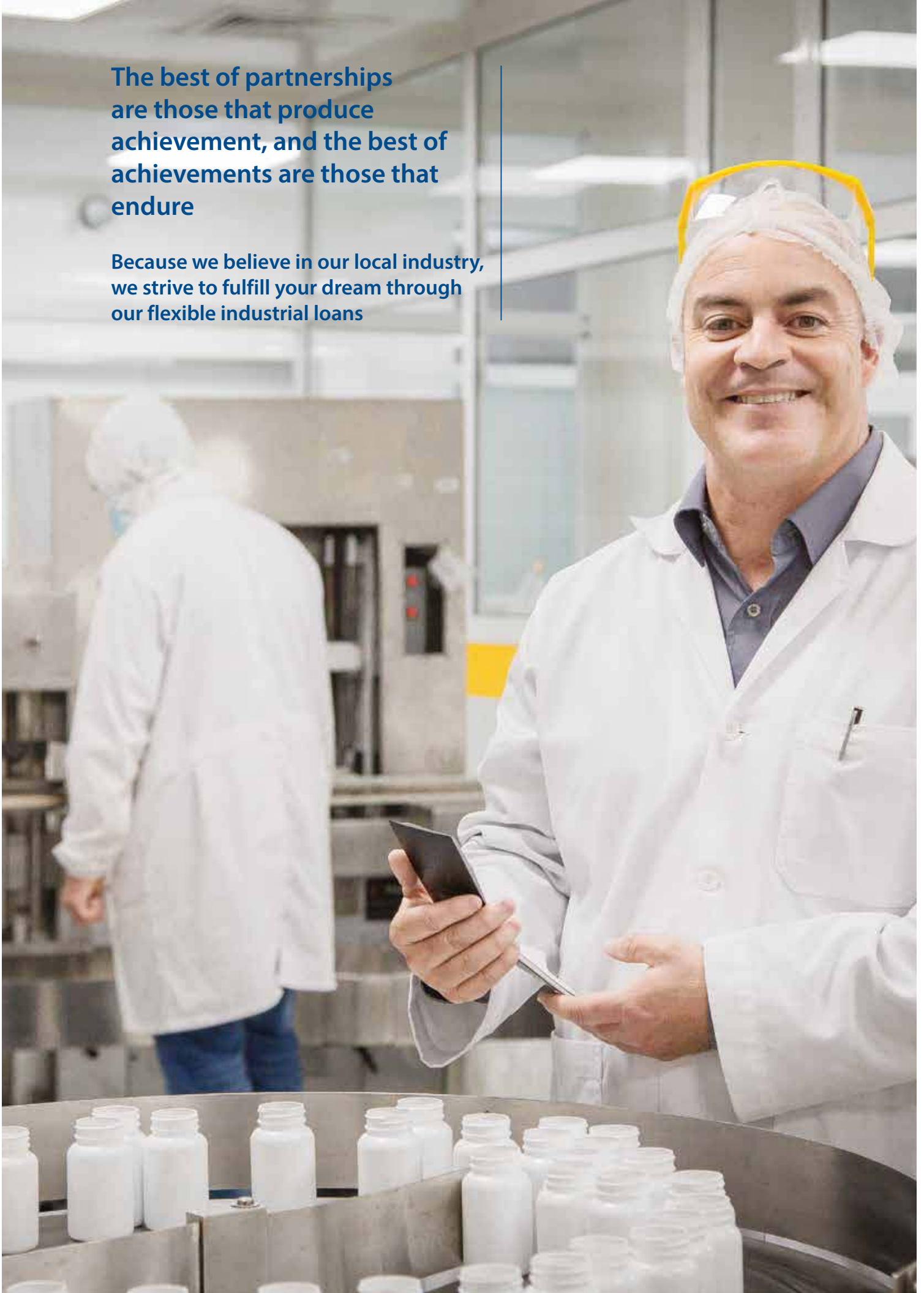
55 Comparative Figures:

Some of 2014 balances were reclassified to correspond with those of 2015 presentation. The reclassification did not affect the consolidated financial position of the Bank nor the Bank's performance.

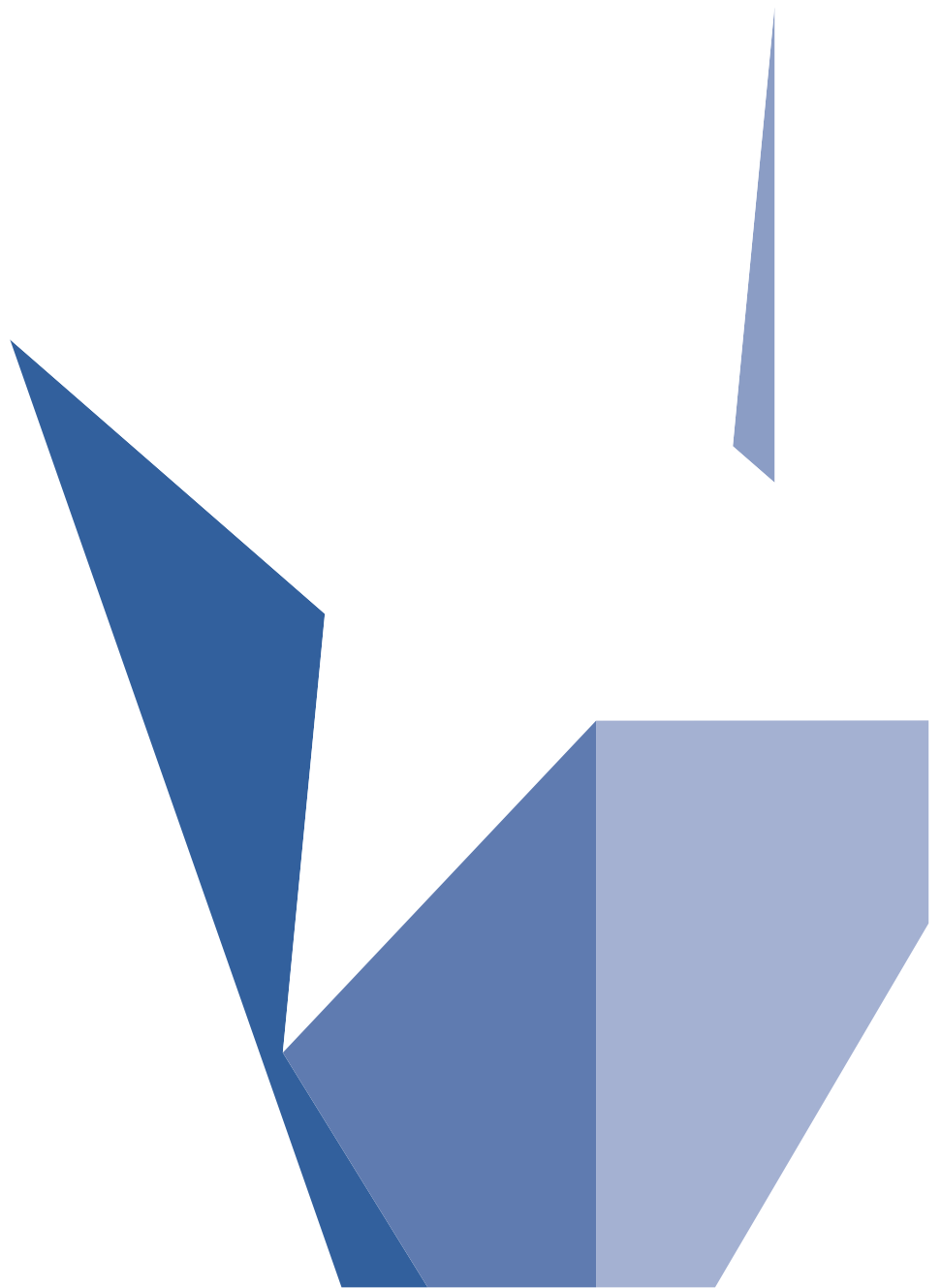


The best of partnerships
are those that produce
achievement, and the best of
achievements are those that
endure

Because we believe in our local industry,
we strive to fulfill your dream through
our flexible industrial loans



Statements of the Requirements of the Securities Exchange Commission



A) Message from the Chairman

Included at the beginning of the Annual Report

B) Board of Directors' Report

Included at the beginning of the Annual Report

1 Description of the Bank's Main Activities:

Capital bank offers all sorts of banking and financial activities and products and services targeting all the economic sectors in Jordan through its branches inside the Hashemite Kingdom. This is in addition to offering all kinds of investment and financial brokerage services through the investment and financial brokerage company affiliated to the bank whose capital amounts to JD10 million and that is fully owned by Capital Bank. This is to say nothing of the bank's investment in the National Bank of Iraq whose capital is 250 billion Iraqi Dinars, and that Capital Bank owns 61.85% in. This investment provides all the facilities and services enabling the Capital Bank clients to invest in the promising Iraqi market. Moreover, it offers financial and investment consulting pertaining to the financial products and finance, in addition to arranging the services of keeping and depositing from the Capital Bank Corporate Advisory (DIFC) to companies in Dubai, which bolsters the regional spread of the bank and its expansion in the Arabian Gulf markets.

C) Geographic Locations of the Bank and the Number of Employees in Each Location

The number of bank employees and the employees of Capital Investments amounted to (614) employees distributed across the following geographic venues:

Location	Address	Number of Employees
Head Headquarters	Amman	458
Capital Investments	Amman	39
Main Branch	Amman	24
Major Customers Branch	Amman	7
Al-Madinah Al-Munawwara Branch	Amman	12
Al-Swaifieh Branch	Amman	9
Dabouq Branch	Amman	6
Majdi Mall Branch	Amman	7
Alwihdat Branch	Amman	9
Al-Gardens Branch	Amman	14
Free Zone Branch- Zarqa	Zarqa - Free Zone	8
Al-Zarqa Al-Jadida Branch	Al-Zarqa Al-Jadida	6
Irbid Branch	Irbid	7
Aqaba Branch	Aqaba	8

The Bank has no branches outside the Kingdom (Jordan).

Size of the Capital Investment of the Bank

The size of the capital investment amounted to JD34,291,453 representing the net value of the properties, equipment and intangible assets as at end of 2015.

2 Subsidiary Companies

- Capital Investments
- National Bank of Iraq
- Capital Bank Corporate Advisory (DIFC) Ltd. – Dubai
- Bahrain Investment Fund Company (has not initiated its activities yet)

Name Subsidiary company	Capital Investment and Brokerage LLC	Capital Bank Corporate Advisory (DIFC) Ltd.	National Bank of Iraq	Bahrain Investment Fund Company
Company Type	Limited liability	Limited liability	Public shareholding	Bahraini shareholding company (Closed joint stock)
Main Activity	Investment and financial brokerage	Capital Bank Corporate Advisory (DIFC)	Banking business	Establishment of investment funds
Company's Capital	10,000,000 Jordanian Dinar	250,000 US Dollar	25 Billion Iraqi Dinar	1000 Bahraini Dinar
Subsidiary Company's Address	Amman –Shmaisani	United Arab Emirates Dubai – International Financial Center	Iraq	Bahrain
Other Information	-	-	-	The fund has not initiated its activities yet

3 A- Synopsis about the Chairman and Members of the Board of Directors

Bassem Khalil Salem Al-Salem

Position: Chairman

Date of Birth: 19/6/1956

Date of Membership: 20/4/2010

Academic degrees: Holder of a Bachelor's degree in Chemical Engineering from Imperial College in the UK.

Professional Experiences: Mr. Bassem Al-Salem currently serves as the Chairman of the Board of Capital Bank which he co-founded in 1995. In his role, he leverages his diverse experience in creating business value strategically, operationally and financially. He currently also serves as the Chairman of the Board of Trustees of King's Academy in Jordan. Prior to that, he founded and managed a number of companies in Jordan, mainly in the industrial sector. Al-Salem has an extensive record of public service that spans over 12 years starting as a Member of the Board of the Central Bank of Jordan and later as Minister of Labor, Minister of Finance, Senator in the Upper House of the Jordanian Parliament, Chairman of the Board of Directors of the Banking Association, and Chairman of the Board of Directors of the Social Security Corporation. Today, Al-Salem continues to serve on the boards of several organizations in the private and public sectors such as Queen Rania Foundation, Royal Jordanian and the University of Jordan.

Mazen Samih Talib Darwazah

Position: Vice Chairman

Date of Birth: 5/6/1958

Date of Membership: 31/8/2009

Academic Degrees: Holder of a Bachelor's degree in business administration from the (L.A.U)-Lebanon, and AMP (Advanced Management Program) from INSEAD Business School in France.

Professional Experiences: He is currently the executive group vice chairman& Mena CEO- Hikma Pharmaceuticals PLC, he has held several positions, including Chairman and CEO of Hikma Pharmaceuticals Limited (Jordan). In addition, he is the chairman of the board of directors of Trust Pharma Ltd. (Algeria) and Pharma Ixir Co, LTD (Sudan), Board Member of Hikma Pharma (Egypt), Ibn AL Baytar (Tunisia), Hikma Pharmaceuticals (Lebanon), Promopharm (Morocco) in addition to being a member of the Advisory Board of the Lebanese American University (L.A.U) Lebanon and Buck University Advisory Council- San Francisco and, he is a member of Trustees of the Saint Louis School of Pharmacy and Bir Zeit University, and a former member of the Jordanian Senate between 2010 and 2013.

Kim Fuad Sa'd Abu Jaber

Position: Member of the board of directors

Date of Birth: 27/9/1956

Date of Membership: 31/8/2009

Academic Degrees: Holder of a Bachelor's degree in business administration from the University of Arizona

Professional Experiences: He is presently the CEO and Deputy chairman of the board of directors of the Fuad Abujaber & Sons Group of companies, covering a wide spectrum of sectors, including mining, specialized contracting, insurance, trade, steel industry, agriculture, packaging and distribution, real estate, and investment. He is also the first deputy chairman of equipment Sales and Service Company, in addition to being the founder and chairman of the board of directors of Al Yadoudah Investment Company W.L.L., as well as the Solid Steel & Iron Manufacturing & Forming Company. He is also a member of the boards of directors of a number of companies including: Travertine Company TRAVCO (Chairman), International Silica Industries Company ISIC (Chairman) and the Jordan International Insurance Co. (Vice Chairman)

Omar Mohamed Ibrahim Shahrour

Position: Member of the board of directors – Representative of the Investments & Integrated Industries Plc Co.

Date of Birth: 17/4/1967

Date of Membership: 31/8/2009

Academic Degrees: Holds an MBA degree majoring in Finance from Wayne State University in Detroit, Michigan. and a BS degree in accounting from the University of Jordan, In addition, Mr. Shahrour passed and received the Certified Public Accountant (CPA) certification in Colorado, USA.

Professional Experiences: Presently holds the position of Chief Financial Officer of Nuqul Group appointed in October 2005. As Chief Financial Officer, Omar brings over 15 years of financial management experience in leading companies. In this Role, Omar directs all financial aspects of the business including accounting practices, budgeting, financial planning, interface with the financial community, financial analysis, acquisitions and ventures, and monitoring of financial performance.

Prior to joining Nuqul Group, Mr. Shahrour held various challenging positions, Includes Financial Controller then Finance manager for Coca-Cola Jordan in Amman, Internal Auditor then Financial controller for Edgo Group in Amman, Jordan and Accountant for O.M. Haddad & Co. based in Dearborn, USA

Issam Abdallah Yousef Al-Khatib

Position: Member of the board of directors – Representative of the Social Security Corporation

Date of Birth: 28/4/1965

Date of Membership: 31/8/2009

Academic Degrees: Holds a Bachelor's degree in accounting and Master's in finance from the University of Jordan.

Professional Experiences: He is presently the Director of the Treasury and Loans Department at the Social Security Investment Fund (SSIF). He has more than 25 years of experience in the financial and banking services sector, in the course of which he held a number of administrative and executive positions, where he was Director of the Regulation and Banking Systems Department at InvestBank. Before that, he worked at the Islamic International Arab Bank, Zahid Tractor & Heavy Machinery Co. Ltd., the Arab Bank, Bank Of Jordan, and the Jordan National Bank PLC. He is also a board member at the Jordan Project For Tourism Development (Tala Bay).

Khalil Hatem Khalil Al-Salem

Position: Member of the board of directors – Representative of Al Khalil Company for Investments

Date of Birth: 28/12/1982

Date of Membership: 31/8/2009

Academic Degrees: Holds a Bachelor's degree in Economics from Columbia University.

Professional Experiences: He is presently the deputy CEO of Al Majal Business Park in southern Iraq and is responsible for financial management of the business park in Southern Iraq with a particular focus on business requirement and trading, and is previously holder of the position of office director of HRH Prince Ali Bin Al-Hussein for football affairs between 2009 - 2014, in addition to being General Secretary of the Jordan Football Association. He commenced his professional career as a financial analyst at JP Morgan in New York, and thereafter he was the manager of business development in Capital Investments Company.

Khalil serves as a Board Member of Specialised Trading & Investments Company PLC and Repton New English School - Jordan.

Sultan Mohammad M. El Seif

Position: Member of the Board of Directors – Representative of Al-Jadara Company for Real Estate Investment.

Date of Birth: 3/3/1985

Date of Membership: 31/8/2009

Academic Degrees: Holder of a Bachelor's degree in financial sciences from Roger Williams University

Professional Experiences: He was formerly the deputy general manager and the office manager of the chairman of the board of directors of the Saudi Medical Care Company in Riyadh. He also worked as a financial analyst at UMA Investment Company and at Morgan Stanley, and he is a member of the board of directors of a number of companies, such as the Oman Medical Project Company, and the Saudi Medicare Company, Allied Medical Group, and the United Medical Group.

"Mohammad Ali" Khaldoun Sati Al -Husry

Position: Member of the Board of Directors – Representative of Hotaf Investment Company

Date of Birth: 20/4/1957

Date of Membership: 31/8/2009

Academic Degrees: Holder of a Bachelor's degree in mechanical engineering from the University of Southern California and a Master's in business administration from INSEAD Business School in France.

Professional Experiences: Held the position of chairman of the board of directors of Capital Bank from 1996 until 2007, and a non-executive member of the board of directors of Hikma Pharmaceuticals PLC, and chairman of the board of directors of Endeavor Jordan. In addition, he is a member of the board of directors of the Woman's Fund, the Jordan Museum, and Alcazar Energy Company.

Mazen Ahmad M. Al-Jubeir

Position: Member of the board of directors

Date of Birth: 19/9/1976

Date of Membership: 26/7/2010

Academic Degrees: Holds a Bachelor's degree in Economics from Harvard University (with honors), and an MBA (with highest honors) from the Harvard Business School.

Professional Experiences: He is currently the managing director of Jawaris Company, which concentrates on investments in small and medium enterprises, headquartered in Saudi Arabia.

Formerly, he was an Executive Vice President of Amwal AlKhaleej Commercial Investment Company in Riyadh and a project manager at McKinsey & Co in Washington, DC.

Jawad Abdel Reda Abdel Baqi Al-kasab

Position: Member of the board of directors

Date of Birth: 1/1/1944

Date of Membership: 16/12/2010

Academic Degrees: Holds a Bachelor's degree in Civil Engineering from Cairo University.

Professional Experiences: He is presently the chairman of the board of directors and CEO of the Engineering Projects Company, the contracting arm of the parent company GK Group. Moreover, he was formerly the chairman of the board of directors and CEO of the United Saudi Jordanian Hotel & Tourism and Ayla Hotel & Tourism Co.

“Mohammed Said” Mohammed Ibrahim Shahin

Position: Member of the board of directors
Date of Birth: 2/7/1948
Date of Membership: 17/3/2013
Academic degrees: Holds a Master degree in Economic development from Harvard University-USA and a Bachelor degree in economics from the American University of Cairo.
Professional Experiences: In the past, he held a number of positions, namely Governor and deputy of Governor of the Central Bank of Jordan, General Manager and deputy chairman of the board of directors of the Jordan Deposit Insurance Corporation. He also served as chairman and vice chairman in many institutions including Jordan international bank/ London, founder of the International Deposit Insurance Corporation, Basel – Switzerland, vice chairman of the board of Directors of the Jordan Military Credit Fund (MCF), member of the Executive Privatization Commission (EPC), and member of board of directors of Arab Monetary fund/ Abu Dhabi.

Omar Akram Omran Bitar

Position: Member of the board of directors
Date of Birth: 1/1/1963
Date of Membership: 4/6/2015
Academic Degrees: Holds a Bachelor's degree in finance and banking from the University of Missouri-St. Louis.
Professional Experiences: He has long-standing experience in the field of operating and financial consulting, auditing, privatization, and restructuring of companies in numerous sectors, including banking and financial services, construction, manufacturing, oil and gas. He is a member of the board of directors of the Palestine Development and Investment Co. and its subsidiary companies and is a member of the Arab Society for Orphans.

Reem Haitham Jamil Goussous

Position: Member of the board of directors
Date of Birth: 16/11/1971
Date of Membership: 4/6/2015
Academic Degrees: Holds a Bachelor's degree in economics and a Master's in economic development and international trade from Boston University.
Professional Experiences: is currently the Senior Manager and Lead Economist at Al Jidara. With over 20 years of experience in economics and finance, Ms. Goussous has managed over 80 projects and consultancy assignments. She has previously worked with the Ministry of Planning and International Cooperation, Capital Bank, United Group Consulting and Management Company and Jordan Investment Board. Ms. Goussous is a Board Member of the Jordan River Foundation, a Member of the Institute of Management Consultants and Trainers and is a Member of the Awareness Committee at EDAMA Association.

Meetings of the Board of Directors and the Committees Emanating from it in 2015

Meetings	Number of Meetings
Board of Directors	7
Audit and Compliance Committee	21
Risk Committee	5
Remuneration Committee	2
Corporate Governance Committee	1
Financial Committee	14
Strategy Committee (new)	2

B) Executive Management of Capital Bank

Haytham Yousef Abdul Monem Kamhiyah

Position: General Manager

Date of Appointment: 1/4/1996

Date of Birth: 1/8/1969

Academic degrees: He earned his Bachelor's Degree with distinction in Accounting and Business Administration (BA) from the University of Jordan in 1992 and earned Advanced Management Program / Diploma from INSEAD University - France in 2005.

He is a Certified Public Accountant (CPA) and Certified Management Accountant (CMA).

Professional Experiences: He brings with him around 25 years of experience in banking management and industry leadership. He is currently the Vice Chairman at Capital Bank Corporate Advisory (DIFC) Ltd and represents the bank as a Board Member in Capital Investments. Also, he is a Board Member in Vitas Jordan and Jordan International Investment Group and the Head of Audit Committee of King Hussein Foundation and a Board of Trustees member in INJAZ.

Previously, he served as Board Member for Jordan's Credit Bureau Company, Jordan Exporters Association, Jordan Institute of Banking Studies and Association of Banks in Jordan. He started his professional career at Arthur Andersen Co. as an Auditor in 1992.

Ayman Omran Abdullah Abu Dhaim

Position: Chief Financial Officer

Date of Appointment: 6/3/2011

Date of Birth: 16/11/1972

Academic Credentials: Received a Bachelors in accounting from the University of Jordan, and a Master's in accounting and management science from the University of Southampton in the United Kingdom, in addition to possessing the following professional qualifications: Member of the Jordanian Certified Public Accountant (JCPA), the CPA Chartered Public Accountant, the Chartered Financial Manager (CFM), the Chartered Branch Manager certificate (CBM), and the Chartered Project Manager certificate (CPM).

Professional Experiences: Has over 20 years of experience in banking and financial management. In the past, he held managerial positions in numerous financial institutions, the last of which was head of the section of financial monitoring in the Social Security Investment Fund (SSIF), and he is presently the deputy chairman of the board of directors of the National Bank of Iraq and the CEO of Capital Bank Corporate Advisory (DIFC) (Dubai International Financial Centre).

Yasser Ibrahim Muhammad Kleib

Position: Chief Business Officer
Date of Appointment: 16/6/2004
Date of Birth: 27/10/1974
Academic Credentials: Holds a Bachelor's in business administration from Yarmouk University, and a certificate of Certified Lender Business Banker (CLBB) from the American Bankers Association.
Professional Experiences: Has more than 19 years of experience in the field of commercial and institutional development. He joined Capital Bank in 2004, where he started work in the Banking Services and Credit Facilities Department, and he previously worked for a period of eight years at the Arab Bank.

Naser Abdel Rahman Bader Ziadeh

Position: Chief Operations Officer
Date of Appointment: 10/05/2015
Date of Birth: 15/09/1966
Academic Credentials: Has a Bachelor's degree in Computer Science from the University of California, Irvine and a Master's degree from Cambridge University.
Professional Experiences: Has more than 20 years of experience in the technology sector, where he previously worked at international companies such as Microsoft, Intel and Symantec in the US, UK and the Middle East. The last position he held was manager of the readiness of companies at Microsoft in the UK. He accomplished numerous studies that were conducted in the field of management of organizational change at Oxford University.

"Muhammad Hafez" Abdel Kareem Muaz

Position: Head of the Legal Department/Legal Counsel
Date of Appointment: 6/2/2003
Date of Birth: 27/10/1969
Academic Credentials: Received a Bachelor's degree in law from the University of Jordan and a Higher Diploma in international law and a Master's degree in commercial law from the University of Staffordshire in the UK.
Professional Experiences: Previously worked at the Arab Bank in the Legal Department/foreign section for a two-year period, and before that worked as a lawyer at Dajani and Associates Attorneys & Legal Consultants for a period of five years. He is a member of the Jordanian Bar Association since 1997, and a member of the International Lawyers Association since 1998.

Ali Muhammad Daoud Abu Swai

Position: Head of Treasury and Investments
Date of Appointment: 9/7/1997
Date of Birth: 2/2/1966
Academic Credentials: Holds a Bachelor's and a Masters' degree in financial and banking sciences.
Professional Experiences: He possesses experience of more than 23 years in financial markets, banking operations, treasury and investment. He presently holds the position of the president of the Financial Markets Association (ACI Jordan) that he has held since 2010, and he represents Jordan at Interarab Cambist Association. Previously, he worked at Amman Bank for Investment for a period of five years.

Rania “Muhammad Said” Dwaikat

Position: Head of the Compliance Department

Date of Appointment: 21/4/2002

Date of Birth: 7/2/1970

Academic Credentials: Holds a Bachelor's degree in economics and statistics from the University of Jordan, and a Diploma in monitoring, compliance and prevention of money laundering from Reading University in the UK. She possesses many licenses and professional certificates, such as the Certificate of Monitoring, Compliance and Money Laundering Prevention from the University of Reading, in addition to a certificate of Certified Lender Business Banker (CLBB), from the American Bankers Association (ABA).

Professional Experiences: Has more than 20 years of experience in the banking sector, and worked previously in Cairo Bank Amman for a period of 11 years, where she worked at the time in the position of the head of the Department of Control and Contracts Documentation.

Nabil Nicola Najib Al-Awa

Position: Manager of the Credit Review Department

Date of Appointment: 12/5/2008

Date of Birth: 28/7/1963

Academic Credentials: Bachelor's in business administration from the University of Jordan.

Professional Experiences: Has more than 30 years of experience in the banking sector, where he worked as manager of Credit Review at Ahli Bank, and manager of Credit Facilities at Cairo Bank-Amman.

Zeid Yahya Amin Salah

Position: Head of the Strategic Planning and Corporate Communications Department

Date of Appointment: 01/09/2015

Date of Birth: 06/01/1977

Academic Credentials: Holds a Bachelor's degree in civil engineering and a Master's in business administration from McGill University/Canada. He has more than 16 years of experience in the field of business development, strategic analysis and risk management, where he occupied several leading positions in Citibank, JP Morgan Chase BMO Financial Group, and Merrill Lynch in the United Kingdom, Canada, and the United Arab Emirates. He commenced his professional career as a field engineer with Schlumberger Oil Field Services Company.

Nedal Tawfeeq Ali Ali

Position: Head of Internal Audit.

Date of Appointment: 16/3/2008

Date of Birth: 9/10/1972

Academic Credentials: Has a Bachelor's degree in accounting from Al-Mustansiriyyah University in Iraq and a Master's degree from the University of Jordan, in addition to Holding four official IIA certification designations; Certified Internal Auditor (CIA), Certified Financial Services Auditor (CFSa), Certification in Control Self-Assessment (CCSA), and Certification in Risk Management Assurance (CRMA).

Professional Experiences: Possesses more than 20 years of experience in internal audit in the banking sector. Previously, he worked at Oman Arab Bank, Jordan Kuwait Bank, and the Housing Bank for Trade & Finance.

Falah Hassan Khalil Kokash

Position: Group Risk Management Director
Date of Appointment: 9/9/2012
Date of Birth: 1/8/1967
Academic Credentials: Has a Bachelor's degree in financial and banking sciences from Yarmouk University and a Master's in financial management, in addition to the following professional certificates: The Financial Risk Manager (FRM), International Certificate in Banking Risk and Regulation (ICBRR), Certified Management Accountant (CMA), Certified Financial Manager (CFM), and the Certified Lender Business Banker (CLBB).
Professional Experiences: Has more than 24 years of experience in the financial sector, where he assumed a number of leading positions in risk management and credit analysis (Corporate, SMEs, Retail), and previously worked at several banks including the Bank of Jordan, Ahli Bank, Invest Bank, and Al Bilad Bank.

Rafat Abdullah Ismail Khalil

Position: Chief Support Officer
Date of Appointment: 4/10/2007 until 5/5/2015
Date of Birth: 10/12/1964
Academic Credentials: Has a Bachelor's degree in Accounting from Yarmouk University 1986 and has the professional certificates CICA and CBA.
Professional Experiences: Has more than 25 years of experience, where he previously worked at the Central Bank of Jordan for a period of seven years, and the Commercial Bank Of Oman for four years, and the Oman Arab Bank for seven years. He is a member of the board of directors of MEP.

Bassam Diab Ahmad Al-Bitar

Position: Head of the Central Operations Department
Date of Appointment: 3/5/2009 until 7/11/2015
Date of Birth: 20/9/1969
Academic Credentials: Has a Bachelor's degree in public administration and political science/ Yarmouk University, 1992.
Professional Experiences: Has more than 25 years of experience in the field of international and local banking operations.

C) Board of Directors and the Executive Management of Capital Investments (Subsidiary Company)**Bassem Khalil Salem AL-Salem**

Position: Chairman
Date of Membership: 1/7/2010
Date of Birth: 19/6/1956
Academic Degrees: Holder of a Bachelor's degree with honors in Chemical Engineering from Imperial College in the UK.
Professional Experiences: He is presently the chairman of the board of directors of "King's Academy", in addition to being chairman of the board of directors of Capital Bank. Prior to that, he was minister of labor and minister of finance successively between 2005 and 2009, in addition to holding several positions including chairman of the board of directors of the Association of Banks in Jordan between 2012 and 2015, and chairman of the board of directors of the Social Security Corporation (2005-2009). What's more, he was a member of the Jordanian Senate (2010-2011). He is a member of a number of boards of directors in both the public and private sectors, including the Public Mining Company. He commenced his professional life in the private sector where he founded a number of industrial companies in Jordan.

Marwan Salah (Mohammad Juma) Juma

Position: Vice Chairman

Date of Membership: 11/11/2015

Date of Birth: 24/1/1967

Academic Degrees: holds both a Master of Science in management and a Bachelor of Science in business and economics from North Carolina State University (USA).

Professional Experience: has previously served as the Minister of Information and Communications Technology in Jordan. Mr. Juma is currently the Vice Chairman of the King Abdallah Fund for Development and Oasis 500, in addition to serving as chairman of Urdon Shop and two tech companies; Kinz and dot.jo. Mr. Juma belongs to various other boards including: DAI (Maryland), Princess Sumaya University for Science and Technology, King Abdallah Centre for Excellence and Jordan Education Initiative.

Haytham Yousef Abdul Monem Kamhiyah

Position: General Manager

Date of Appointment: 1/4/1996

Date of Birth: 1/8/1969

Academic degrees: He earned his Bachelor's Degree with distinction in Accounting and Business Administration (BA) from the University of Jordan in 1992 and earned Advanced Management Program / Diploma from INSEAD University - France in 2005.

He is a Certified Public Accountant (CPA) and Certified Management Accountant (CMA).

Professional Experiences: He brings with him around 25 years of experience in banking management and industry leadership. He is currently the Vice Chairman at Capital Bank Corporate Advisory (DIFC) Ltd and represents the bank as a Board Member in Capital Investments. Also, he is a Board Member in Vitas Jordan and Jordan International Investment Group and the Head of Audit Committee of King Hussein Foundation and a Board of Trustees member in INJAZ.

Previously, he served as Board Member for Jordan's Credit Bureau Company, Jordan Exporters Association, Jordan Institute of Banking Studies and Association of Banks in Jordan. He started his professional career at Arthur Andersen Co. as an Auditor in 1992.

Omar Mohamed Ibrahim Shahrour

Position: Member of the board of directors – Representative of the Investments & Integrated Industries Plc Co.

Date of Birth: 17/4/1967

Date of Membership: 31/8/2009

Academic Degrees: Holds an MBA degree majoring in Finance from Wayne State University in Detroit, Michigan. And a BS degree in accounting from the University of Jordan, In addition, Mr. Shahrour passed and received the Certified Public Accountant (CPA) certification in Colorado, USA.

Professional Experiences: Presently holds the position of Chief Financial Officer of Nuqul Group appointed in October 2005. As Chief Financial Officer, Omar bring over 15 years of financial management experience in leading companies. In this Role, Omar directs all financial aspects of the business including accounting practices, budgeting, financial planning, interface with the financial community, financial analysis, acquisitions and ventures, and monitoring of financial performance.

Prior to joining Nuqul Group, Mr. Shahrour held various challenging positions, Including Financial Controller then Finance manager for Coca-Cola Jordan in Amman, Internal Auditor then Financial controller for Edgo Group in Amman, Jordan and Accountant for O.M. Haddad & Co. based in Dearborn, USA

Yezan Munther Jiryis Haddadin

Position: Board Member /CEO

Date of Membership: 11/11/2015

Date of Birth: 24/4/1975

Academic Degrees: holds a Juris Doctor from Northwestern University School of Law (USA) and a Bachelor of Science from Georgetown's School of Foreign Service (USA). He is admitted to the New York State Bar Association and is an FAA licensed pilot.

Professional Experiences: is the Chief Executive Officer and Board Member of Capital Investments and joined the company in 2014. Throughout his career, he has developed extensive experience across a range of industries and advised on over USD 100 billion in M&A transactions in North America, Latin America, Europe, the Middle East and Africa.

Mr. Haddadin has over 17 years of investment and investment banking experience. Prior to joining Capital Investments, he was an Advisor at Ripple wood Holdings LLC, a New York-based private equity firm. He was also a Managing Director at Perella Weinberg New York (2007-2012) and an Executive Director in JPMorgan's M&A Group New York (2000-2007). He is currently a member of the Board of Director at Sixth of October Investment Company (SODIC), a publicly listed Egyptian real estate development company. He is also a Board Member of The Near East Foundation, a New York- based private nonprofit development agency with projects in Africa and the Middle East.

Khalid Walid Hussni Nabils

Position: Board Member

Date of Membership: 11/11/2015

Date of Birth: 20/2/1972

Academic Degrees: Has a Bachelor's degree in economics and administrative sciences from the University of Jordan, and a Master's degree in business administration from Hull University. He also has a CPA.

Professional Experiences: is currently the Chief Financial Officer at Hikma Pharmaceuticals. He has previously held various other senior positions, including Corporate Vice President, before assuming his present role. Mr. Nabils has worked with Atlas Investment Group (presently known as AB Invest) and Arthur Anderson (Jordan).

Reem Haitham Jamil Goussous

Position: Board Member

Date of Birth: 16/11/1971

Date of Membership: 11/11/2015

Academic Degrees: Holds a Bachelor's degree in economics and Master's in economic development and international trade from Boston University.

Professional Experiences: is currently the Senior Manager and Lead Economist at Al Jidara. With over 20 years of experience in economics and finance, Ms. Goussous has managed over 80 projects and consultancy assignments. She has previously worked with the Ministry of Planning and International Cooperation, Capital Bank, United Group Consulting and Management Company and Jordan Investment Board. Ms. Goussous is a Board Member of the Jordan River Foundation, a Member of the Institute of Management Consultants and Trainers and is a Member of the Awareness Committee at EDAMA Association

Ayman Omran Abdullah Abu Dhaim

Position: Board Member

Date of Appointment: 2/7/2012 until 10/11/2015

Date of Birth: 16/11/1972

Academic Degrees: Received a Bachelor's degree in accounting from the University of Jordan and a Master's in accounting and business administration from the University of Southampton in the UK, in addition to possessing the following professional qualifications: member of the Jordanian Chartered Public Accountants, a CPA, a Certified Financial Manager, a Certified Branch Manager, and a CPM.

Professional Experiences: Possesses more than 20 years of experience in banking and financial management, where he previously held several managerial positions in a number of financial institutions, the last of which was head of the financial control section in the Social Security Investment Fund (SSIF). He presently holds the position of deputy chairman of the board of directors of the National Bank of Iraq and the CEO of Capital Bank Corporate Advisory (DIFC) (Dubai International Financial Centre).

Rayd Khalil Abdel Hamid Abu-Ayyash

Position: Director of the Strategic Planning and Corporate Communication Department

Date of Appointment: 23/1/2011 until 19/9/2015

Date of Birth: 17/7/1979

Academic Degrees: Bachelor's in economics from Harvard University and a Master's degree from the London School of Economics.

Professional Experiences: Strategic Consultant with McKinney & Company for the banking and governmental sector and a financial consultant with Arup Company. He has longstanding experience in developing the risks control systems development with HSH Nord Bank in Germany. Moreover, he provides consulting to the Jordanian government through USAID and was a member of the board of directors of Capital Company for Investment and Financial Brokerage.

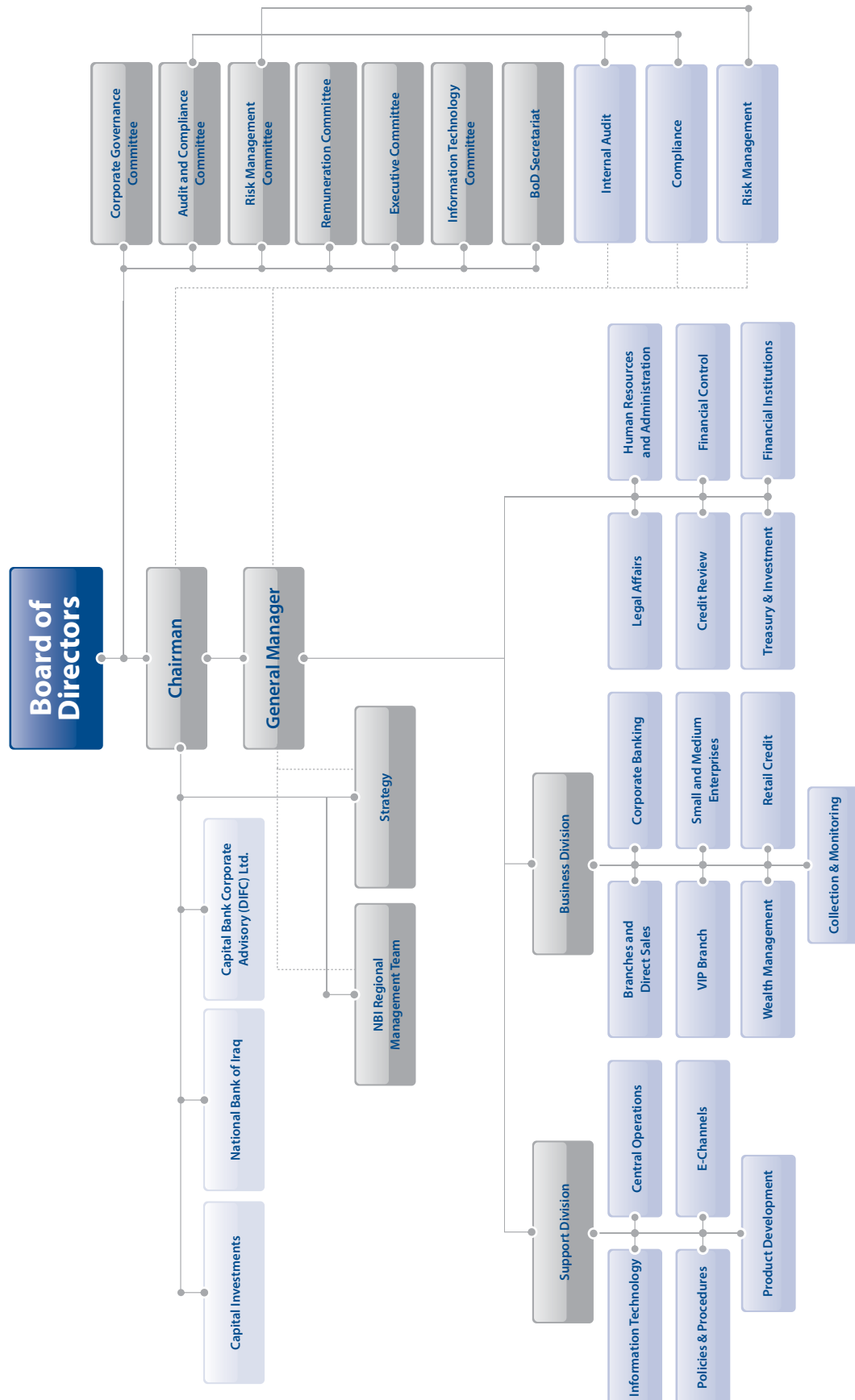
4 Names Of the Leading Shareholders (More Than 5%) and the Number of Shares Owned by Each of Them Compared to The Previous Year

Name	Nationality	Number of Shares on 31/12/2015	Percentage	Number of Shares on 31/12/2014	Percentage
Sa'ed Asem Abboud Al-Janabi	Iraqi	19,957,663	9,979	18,111,580	9,979
Social Security Corporation	Jordanian	18,544,288	9,272	16,828,942	9,272
Said Sameeh Taleb Darwazeh	Jordanian	15,505,336	7,753	14,071,093	7,753
International Finance Corporation	International	13,836,296	6,918	12,556,439	6,918
Investments & Integrated Industries Co. Plc	Jordanian	10,073,007	5,037	9,141,254	5,037

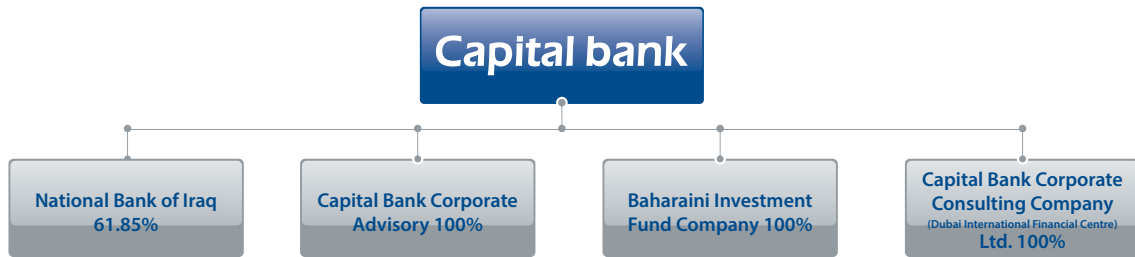
5 Competitive Position of the Bank within the Sector of its Activity

The previous years have witnessed a rise in the share of Capital Bank of the Jordanian banking market, where the share of Capital Bank of the overall banking sector assets reached 3.94%, and the share of Capital Bank of the total credit facilities reached 4.1%, and the share of the bank of the deposits of the customers in terms of the total deposits in the banking sector reached 3.81%. There is no dependence on particular suppliers or main clients locally and externally that represent 10% or more of the total purchases and/or sales. Moreover, there is no governmental protection or privileges that the bank enjoys or regarding any of its products in accordance with the laws and regulations or otherwise, and there are no patents or copyrights that the bank has acquired; and there are no decisions issued by the government or international organizations or otherwise that have a material effect on the business of the bank or its products or competitive ability. Moreover, the international quality standards do not apply to the bank.

6 A- Organizational Structure of the Bank



(B) Organizational Structure of the Bank's Subsidiary Companies



(C) Academic Credentials of the Employees of the Bank and its Subsidiary Companies:

Academic Qualification	Number of the Bank's Employee	Number of the Subsidiary Companies
Doctorate	-	-
CPA	1	-
Master	41	9
High Diploma	1	-
Bachelor	452	22
Diploma	33	-
Secretarial	2	1
General Secondary Education	20	1
Less than General Secondary	23	6

(D) Training Programs for the Employees of the Bank and its Subsidiary Companies:

Statement	Capital Bank		Subsidiary Companies	
Type of Training Course	Number of Course	Number of Participants	Number of Courses	Number of Participants
Bank Training Centre courses	11	400	3	12
Local institutes courses within Jordan	69	380	5	7
Institutes courses outside Jordan	8	8	2	2
Total	88	788	10	21

Names of Courses:

Names of Workshops	Number of the Courses	Participants from among the Bank's Employees	Number of the Courses	Participants from among the Subsidiary Companies Employee
Outside workshops and conferences	7	8	1	1
Participation in local conferences	2	9		
English language courses	6	32		
Specialized courses in commercial and transfers services	3	41		
Specialized workshops in money laundering	2	191		
Time Management	2	12		
Specialized courses in the performance of evaluation strategy	1	1		
Specialized courses in information technology and systems	3	14		
Specialized courses in financial aspects.	9	16	2	2
Specialized courses in legal aspects	4	7		
Specialized Degrees	5	5		
Other	44	452	7	18
Total	88	788	10	21

7 Risks to which the Bank is Exposed To:

Capital Bank is exposed to the following risks, which face the banking sector:

- Credit risks
- Market risks
- Liquidity risks
- Operating risks
- Compliance risks

8 The Achievements of the Bank in 2015

Description of the accomplishments as is detailed and supported by figures contained in the report of the board of directors on the accomplishments of the bank.

9 The Financial Impact of Operations of a Non-Repetitive Nature that Occurred in 2015 and which Does Not Lie within the Company's Main Activity:

There are no operations that are of a non-repetitive nature occurring in 2015.

10 The Time Sequence of Profits and Losses Realized and the Distributed Profits and the Net Shareholders Equity for the Years (2003-2015)

Fiscal Year	Shareholder's Equity	Net Profit	Dividends		Closing Price
			Cash	Bonus Shares	
2003	45,779,476	8,061,827		4,500,000	3,93
2004	59,872,518	12,346,354		7,000,000	4,41
2005	135,934,724	21,358,989		10,500,000	3,32
2006	156,991,770	18,059,905		14,000,000	1,93
2007	172,375,124	13,508,666		7,000,000	2,07
2008	203,161,545	15,250,169	7,500,000	-	1,8
2009	208,070,606	1,338,383		17,200,000	1,56
2010	214,107,952	5,149,968		-	1,54
2011	221,258,745	1,428,331		-	1,36
2012	242,807,956	22,036,184		-	1,13
2013	324,291,358	37,036,290		15,000,000	1,60
2014	344,881,127	36,314,776	16,500,000	16,500,000	1,51
2015	324,330,413	1,068,872	10,890,000	15,500,000	1

(14) Analysis of the Financial Position of the Bank and its Business Results in the Fiscal Year

Financial Ratios	31/12/2015	31/12/2014
Return on Assets	0.05%	1.84%
Return on Ownership Rights	0.32%	10.85%
Dividends of Stock	0.025%	0.168%
Ratio of Ownership Rights/Assets	16.33%	16.73%
Capital Adequacy	18.31%	18.80%
Inoperative Facilities Ratio (after discounting pending interest)	5.78%	5.78%
Ratio of covering allocations for inoperative credit facilities After discounting pending interest	80.6%	77.71%
Ratio of cash and quasi-cash liquidity	152.79%	140.84%

11 Significant Future Developments and the Future Plan of the Bank for the Year 2016

Capital Bank was able, in the shadow of the difficult conditions witnessed by the countries of the region, particularly Iraq, to achieve the goals it set and to define the general strategy of the bank for the coming year 2016, and which was approved and ratified by the board of directors. In fact, the bank will strive to bolster its competitive position and to increase its market share in the various sectors, and to maintain the rates of growth and the return realized from them, against the background of a stage characterized by considerable and unprecedented challenges that have negatively impacted the various economic and social realities.

The bank will strive to improve the technical business environment in a manner consistent with the requirements of supervision, risk management and information security, and also in a manner achieving the vision of the bank to be at the forefront of advanced banks that operate according to the most up to date technological systems. By being abreast of the latest technological developments insofar as electronic applications and the alternative channels for enhancing efficiency, and to direct clients to utilize them as in the automated banking services, and banking services through the Internet and smartphones and other services, the bank aims to increase customer satisfaction and bolster relations with its clients through continuous communication, and studying their needs while endeavoring to fulfill them.

Capital Bank will continue to strive to offer an integrated constellation of innovative and competitive banking services using state-of-the-art techniques with great effectiveness, in addition to continuing to implement its plan that aims to finance the vital industrial sectors in the Kingdom (industry, renewable energy, tourism, agriculture, information technology) at favorable interest rates, in cooperation with the Central Bank of Jordan, through the program of medium-term loans to the industrial sector, in order to foster the competitiveness of this sector and to enhance its contribution to invigorating its economic and operating activity. This may be done through providing financing for enterprises operating within the sectors targeted by a suitable financing program that aims to reducing the cost of financing for those enterprises, which would enhance their competitiveness and ability to create opportunities and support them to fulfill the required economic and social role.

And in line with bank's strategy of focusing on the small- and medium-size enterprises sector, given that they are the major driving force of economic growth, and a major contributor to creating job opportunities, the bank will strive to expand its scope of activity in serving this sector through innovating exclusive and specialized programs in a manner consistent with its requirements. The Small- and Medium-Size Enterprises Department's growth in its credit portfolio reached 45% in 2015, and we anticipate the growth rate to continue at the same level in the current year.

Indeed, the bank will continue to offer its pioneering services and products to our clients from among major companies, particularly in financing commercial operations and projects whilst giving our clients special advantages in the promising Iraqi market furthermore our clients will in benefit from the credit lines granted to the bank from the donor and financing quarters in order to bolster and develop the commercial and medium facilities portfolio whilst continuing to meet the increasing and diverse needs of the clients and helping them in developing their business, in a manner contributing to invigorating the Jordanian economy.

Moreover, there will be a focus on intensifying the relationship between Capital Bank and its subsidiary companies that include Capital Investments, the National Bank of Iraq, and Capital Bank Corporate Advisory (DIFC), whereby the said companies offer comprehensive and accessible services at the level of the group, whilst complying with international banking standards enabling the provision of distinguished services to be abreast of developments at the economic level and harnessing opportunities at a domestic and regional level.

And in recognition of the substantial role performed by the bank employees, irrespective of position, the bank will strive to enhance the satisfaction of the employees and improve their productivity, and also augment their loyalty to the bank through continuing to implement the incentives and bonuses system based on actual performance relative to the annual goals, in addition to providing training opportunities that are consistent with the actual needs of the employees and the nature of their work, which would enhance the performance and skills of the employees, improve their communication abilities, promote the team spirit, and also activate communication between the various departments.

12 Fees of Auditing for the Bank and the Subsidiary Companies

The fees of the account auditors Messrs.' Ernst Young as relates to the bank and the subsidiary banks for the year 2015 amounted to JD156,81 inclusive of tax, detailed as follows:

	Amount
Capital Bank	82,360
Capital Company for Investment and Financial Brokerage (Subsidiary)	8,120
National Bank of Iraq	55,695
Capital Bank Corporate Advisory (DIFC)	10,635
Total	156,810

Statement of the Number of Securities

Statement of the number of securities issued by the bank and owned by the members of the board of directors and the persons of the upper management who have executive authority and the relatives of the members of the board of directors.

Number of Securities Owned by the Members of the Board of Directors

Member	Position	Nationality	Number of Owned Shares on 31/12/2015	Number of Owned Shares on 31/12/2014
Bassem Khalil Salem Al-Salem	Chairman of the Board of Directors	Jordanian	9,686,180	8,790,209
Mazen Sameeh Taleb Darwazeh	Deputy Chairman of the Board of Directors	Jordanian	2,926,976	2,656,231
Social Security Corporation	Member	Jordanian	18,544,288	16,828,942
Represented by: Mr. Issam Abdullah Youssef AL-Khatib		Jordanian	-	-
Investments & Integrated Industries Co. Plc	Member	Jordanian	10,073,007	9,141,254
Represented by: Mr. Omar Mohammad Ibrahim Shahrour		Jordanian	-	-
Hotaf Investment Company	Member	Jordanian	6,047,776	5,488,357
Represented by: Mr. "Mohammad Ali" Khaldoun Sati` Alhusary		Jordanian	3,023,886	2,744,177
Kim Fouad Saad Abu Jaber	Member	Jordanian	2,100,907	2,136,574
Mazen Ahmad Mohammad Aljubeir	Member	Saudi	275,757	250,250
Al Khalil Company for Investments	Member	Jordanian	64,567	58,595
Represented by: Mr. Khalil Hatem Khalil Al-Salem		Jordanian	120,948	109,761
Al Jadarah Company for Real Estate Investment	Member	Jordanian	37,796	34,300
Represented by Mr. Sultan Bin Mohammad Bin Musa`ed AL-Seif		Saudi	-	-
Jawad Abd Al-Reda Abd Al-Baqi AL-Qassab	Member	Jordanian	37,795	34,299
"Mohammad Said" Mohammad Ibrahim Shahin	Member	Jordanian	33,333	30,250
Omar Akram Imran Bitar	Member	Palestinian	27,548	-
Reem Haitham Jamil Qsous	Member	Jordanian	27,548	-

14 a) Number of Securities Owned by the Relatives of the Members of the Board of Directors

Relatives of the members of the Board of Directors	Member Name	Relationship	Nationality	Number of Owned Shares on 31/12/2015	Number of Owned Shares on 31/12/2014
Rudaina Farhan Sa'ad Abu-Jaber	Bassem Khalil AL-Salem	Wife	Jordanian	685,849	622,408
Rula Samir Khalil Naser	Mazen Sameeh Taleb Darwazeh	Wife	Jordanian	88,143	79,990
Ghalia Charlie Ghaleb Bisharat	Khalil Hatem Khalil AL-Salem, Representative of Al Khalil Company for Investments	Wife	Jordanian	2,589	2,100
Hatem Khalil Hatem Al-Salem	Khalil Hatem Khalil AL-Salem, representative of Al Khalil Company for Investments	Son	Jordanian	12,00	9,500

B) Number of Securities Owned by the Companies Controlled by Members of the Board of Directors

Member's Name/ Person familiar with the	Position	Controlled Company's Name	Legal Status	Number of Owned Shares on 31/12/2015	Number of Owned Shares on 31/12/2014
Bassem Khalil AL-Salem	Chairman of board of executive directors	Al Khalil Company for Investments	L.L.C	64,567	58,595
Mazen Sameeh Taleb Darwazeh	Deputy Chairman	Darhold Ltd.	Private	3,537,497	3,210,279
"Mohammad Ali" Khaldoun Sati` Alhusary Representative of Hotaf Investment Company	Member	Darhold Ltd.	Private	3,537,497	3,210,279
Investments & Integrated Industries Co. Plc	Member	Universal Modern Industries Co. for Edible Oil	P.L.C	25,825	23,437
Kim Fouad Saad Abu Jaber	Member	Al Yadoudah Investment Company	L.L.C	159,073	144,359

C) Number of Securities Owned by the Persons of the Upper Executive Management

Name	Position	Nationality	Number of Shares on	
			31/12/2015	31/12/2014
Haytham Yousef Abdulmonem Kamhiyah	General Manager	Jordanian	116,635	105,847
Ayman Omran Abdullah Abu Dhaim	Head of Financial Control	Jordanian	3,720	3,376
Ra'fat Abdullah Ismail Khalil	Head of Regional Control	Jordanian	-	2,291
"Mohammad Hafiz" Abdelkareem Mohammad Hafiz Mu'ath	Head of Legal Affairs / Legal Counsel	Jordanian	-	20,621
Ali Mohammad Daoud Abu swai	Head of Treasury & Investment	Jordanian	1,942	1,763
Rania "Mohammad Said" Ahmad Dwaikat	Head of Compliance	Jordanian	-	1,206
Nabil Nicola Najeeb Al-Awah	Head of Credit Review	Jordanian	-	916
Nidal Tawfiq Ali Ali	Head of Internal Audit	Jordanian	-	964
Falah Hasan Khalil Kokash	Head of Risk Management	Jordanian	-	85

There are no securities owned by the relatives of the persons of the upper executive management.

There are no securities owned by companies controlled by the persons of the upper executive management.

15 Benefits and Bonuses of the Chairman and Members of the Board of Directors and the Upper Executive Management in 2015

A. Members of Board of Directors

Name	Annual Salary	Transportation	Bonuses	Total
Basem Khalil AL-Salem	308,000	131,364	5,000	444,364
Mazen Sameeh Taleb Darwazeh		22,030	5,000	27,030
Investments & Integrated Industries Plc Co./ Omar Shahrour		23,520	5,000	28,520
Social Security Corporation/ Issam Al-Khatib		26,520	5,000	31,520
Al Jadarah Real Estate/ Sultan Al-Seif		28,020	5,000	33,020
Khalil Al-Salem Company/ Khalil Al-Salem		30,020	5,000	35,020
Hitaf Investment Company/ "Mohammad Ali" Al-Husari		20,770	5,000	25,770
Kim Fouad Abu Jaber		19,010	5,000	24,010
Mazen Al-Jubayr		29,715	5,000	34,715
Jawad Al-Qassab		14,760	5,000	19,760
"Mohammad Said" Shahin		27,850	5,000	32,850
Omar Akram Imran Bitar		16,350	-	16,350
Reem Haitham Jamil Qsous		14,700	-	14,700
Total		404,629	55,000	767,629

B. Executive Management:

Name	Benefits and privileges until 31/12/2015	Bonuses	Total
Haytham Yousef Abdulmonem Kamhiyah	270,375	-	270,375
Ayman Omran Abdullah Abudhaim	150,525	-	150,525
Ra'fat Abdullah Ismail Khalil	147,225	-	147,225
Mohammad Hafiz Abdelkareem Mohammad Hafiz Mu'ath	113,529	-	113,529
Ali Mohammad Daoud Abu Soy	113,514	-	113,514
Yasser Ibrahim Klaib	113,529	-	113,529
Rania Mohammad Sa'ed Ahmad Dwaik	77,250	-	77,250
Nabil Niqola Nabeeb Al-Audeh	73,392	-	73,392
Bassam Dhiab Ahmad Bitar	70,327	-	70,327
Nidal Tawfiq Ali Ali	76,875	-	76,875
Falah Hassan Khalil Kokash	69,975	-	69,975
Nasser Abdel Rahman Bader Ziyadeh	121,654	-	121,654
Zeid Yahya Amin Salah	43,900	-	43,900
Tariq Awad (Al Mal Jordan Investment and Brokerage LLC)	197,754	-	197,754
Yazan Mundher Jiryis Haddadin	180,415	-	180,415
Total			1,820,239

16 Donations and Grants Paid by the Bank during 2015

Party Receiving Donations	Value
The General Command of the Armed Forces	100,000
The Royal Academy	59,720
The King Hussein Cancer Center (KHCC)/ Support the annual charitable event	50,000
Bearing the fees of registering a plot of land for the Orphans Fund Development Foundation	48,726
Support the societal financial awareness projectP in public schools through the Central Bank of Jordan	47,600
Jordanian Hashemite Fund for Human Development/ Support Goodwill Campaign	46,415
SOS Children's Villages / Sponsors two homes	31,000
Defray the financial expenses of renting vehicles to open the roads inside the University of Jordan during the snowstorm	21,799
Muslim Women's Association Centre for Special Education	11,550
International Moderation Forum	10,000
Supported the annual activity of The Jordan National Gallery of Fine Arts	10,000
Donated to support activities of Tkiyet Um Ali (TUA)	10,000
Al-Aman Fund for the Future of Orphans / Bear the education fees of university students	7,500
The Jordan Education Initiative (JEI)	6,750
Charitable Society for Supporting Orphans/ Mafrak	11,000
Royal Scientific Society for Healthcare	5,000
Jordan Bridge Federation	5,000
The Society for Care of Gifted Autistic Children (SCGAC)	5,000
Paid a portion of the cost of surgery for the mother of one of the bank employees	4,500
Khutuwat program for supporting the children of Palestine	3,545

Party Receiving Donations	Value
Support the initiative of national tree implantation through reclamation of a land in the Eira and Yaraqa area	3,000
Material support to the Operation Smile Society by performing surgical operations for five children suffering from problems in the lip	2,500
Support to Prince Ali Bin Al-Hussein clubs in Amman, Zarqa, and Irbid	2,250
Installation of brick shades for Ibn Al-Ameed Secondary Public School for Boys in Tla'a Al-Ali	2,000
Palestine International Development Foundation	1,500
Jubilee School's Youth Economic Forum	1,300
Bear the fees of students studying in Jordanian universities	5,234
Dar Alehsan for Orphans Care and Rehabilitation	1,080
Bear the academic expenses for vocational training students	1,000
Mabarrat Um Al Hussein for supporting social and health initiatives	1,000
Haya Cultural Center by paying the expenses of public schools students trips to the center	1,000
Dhat Rass Sports Club	1,000
Arab Group for the Protection of Nature	1,000
Other Donations	31,087
Total	550,056

20. There are No Contracts and Projects and Connections Concluded by the Issuing Company with the Subsidiary or Sisterly or Allied Companies or Chairman of the Board Of Directors or the Members of the Board or the CEO or any Employee or Relatives

21. Contribution of the Bank to Protecting the Environment and Serving the Local Community

Contribution of the bank to serving the local community and the environment:

Capital Bank strengthened its role in serving the local community and contributing to its development, through contributing to providing material and moral support to societal initiatives in the educational, humanitarian, social and other fields, and within the framework of its interaction and interest in supporting the general orientation aiming to achieve sustainable development at the humanitarian and social level, Capital Bank in 2015 supported numerous initiatives, projects and societal programs that targeted various sectors including:

A. Protection of the Environment:

- Contribution to the national forestation initiative, such through the reclamation of treeless lands in the area of ('Eira/Salt) and its plantation with suitable trees, such within the framework of the agricultural reform program patronized by the Ministry of Agriculture.
- Support the Royal Society for The Conservation of Nature (RSCN)

B. Educational Initiatives:

- Cover the educational expenses of students with special needs through the Young Muslim Women's Association Centre for Special Education.
- Cover the education fees of university students in cooperation with Al-Aman Fund for the Future of Orphans.
- Support the Jordanian education initiative "My Chance to Excel."
- Support students to complete their university education.
- Install brick shades for Ibn Al-Ameed Secondary School for Boys.
- Sponsor students from the students of the Royal Academy.

- Fund the educational expenses of the vocational training students in cooperation with the Elia Nuqul Foundation (ENF).
- Support the Economic Youth Forum of the Jubilee School.

C. Humanitarian Initiatives:

- Support the charitable campaign that was launched on the first day of Ramadan.
- Support the annual fundraising event organized by the King Hussein Cancer Foundation.
- Support non-profit institutions and charitable societies, and support the competent quarters by assisting orphans and the needy, where the bank sponsors two SOS Children's Villages homes.
- Support the Royal Society for Healthcare that strives to enhance health awareness and enable the local community to follow sound health behavioral patterns.
- Support the institutions and societies of the physically challenged materially and morally, and this is exemplified in the bank's support of the Al-Hussein Cancer Center and the societies that are concerned with those with special needs.
- Sponsor 25 orphans from among the orphans of the Charitable Society for Supporting Orphans in the city of Mafraq.
- Distribution of food assistance and meals in the holy month of Ramadan to orphans in the Governorate of Mafraq, with the participation of the bank's employees.
- Present Eid gifts and meals to the SOS children's villages in Ramadan with the participation and contribution of the bank employees.
- Distribution of food assistance in Amman in cooperation with Tkiyet Um Ali (TUA), in addition to the participation of the bank employees in distributing them.
- Contribute to feeding 1,500 needy persons in Ramadan with the participation of the bank employees at the headquarters of the Tkiyet Um Ali (TUA).
- Support the Royal Society for The Conservation of Nature (RSCN).
- Contribute to defraying the financial costs of renting machinery and vehicles during the snowstorm to open the roads on the campus of the University of Jordan.
- Provide material support for the activities of the Royal Society of Fine Arts (RSFA).
- Provide material support to the Operation Smile Society by performing surgical operations for children suffering from problems in the lip.
- Donation to the General Command of the Armed Forces.
- Provide material support to the Orphans Fund Development Foundation through bearing the fees of registering a plot of land that was sold to the foundation.
- Support the initiative of "Jordanian Doctors in Support of Medicine in Palestine."
- Support the Jordan Bridge Federation.

D. Affirmations

- The board of directors of the company affirms that there are no substantive matters impinging on the continuance of the company in the following fiscal year.
- The board of directors acknowledges its responsibility for preparing the financial statements and providing an effective supervisory system in the company.

Chairman of the Board of Directors
Mr. Bassem Khalil AL-Salem



Member
Mr. Kim Fouad Saad Abu Jaber



Member
Investments & Integrated
Industries Plc Co.
Represented by: Mr. Omar
Mohammad Ibrahim Shahrour



Member
Al Khalil Company for Investments
Represented by: Mr. Khalil Hatem
Khalil AL-Salem



Member
Mr. Omar Akram Imran Bitar

Member
Mr. Mazen Ahmad Mohammad AL-Jubayr



Member
Al Jadarah Real Estate
Represented by: Mr. Sultan Bin
Mohammad Bin Musa'ed AL-Seif

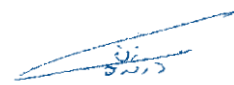


Member
Mr. Jawad Abdel Reda AL-Baqi AL-
Qassab



Member
Reem Haitham Jamil Qsous

Deputy Chairman
Mr. Mazen Sameeh Taleb Darwazeh



Member
The Social Security Corporation
Represented by: Mr. Issam Abdullah
Youssef AAL-Khatib



Member
Hitaf Investment Company
Represented by: Mr. "Mohammad Ali"
Khalidoun Sati` Al-Husari



Member
"Mohammad Said" Mohammad
Ibrahim Shahin



- We the undersigned acknowledge and affirm the soundness, accuracy and completeness of the information and data contained in the annual report.

Chairman of the Board of Directors
Mr. Bassem Khalil Al-Salem



Member
Mr. Haitham Youssef Abdel
Mun'im Qamhiyyah



Deputy Chairman
Mr. Aiman Omran Abdullah
Abudhaim



E. Branches

Branch	Address
Main Branch - General Administration	Issam Al-Ajlouni Street – Ashmaisani
P.O. Box:	941283 Amman 11194 Jordan
Tel.:	+962-6-5100200
Fax:	+962-6-5692062
E-Mail:	main@capitalbank.jo
Capital Select	
P.O. Box:	941283 Amman 11194 Jordan
Tel.:	+962-6-5100200
Fax:	+962-6-5692062
E-Mail:	shmesani@capitalbank.jo
Al-Madinah Al-Munawwara Street	Al-Madinah Al-Munawwara Street
P.O. Box:	941283 Amman 11194 Jordan
Tel.:	+962-6-5529994
Fax:	+962-6-5549252
E-Mail:	madinah@capitalbank.jo
Al-Swaifieh	Tariq Al Jundi street intersection with the Ali Nasuh Al Taher Street - Alswaifieh
P.O. Box:	941283 Amman 11194 Jordan
Tel.:	+962-6-5831177
Fax:	+962-65885176
E-Mail:	sweifeyeh@capitalbank.jo
Dabouq	King Abdullah II Street
P.O. Box:	941283 Amman 11194 Jordan
Tel.:	+962-6-5413338
Fax:	+962-6-5412637
E-Mail:	dabouq@capitalbank.jo
Majdi Mall – Ground Floor	Queen Rania Al-Abdullah Street
P.O. Box:	941283 Amman 11194 Jordan
Tel.:	+962-6-5331500
Fax:	+962-6-5357614
E-Mail:	majdimall@capitalbank.jo
Wehdat	Madaba Street – Wehdat
P.O. Box:	941283 Amman 11194 Jordan
Tel.:	+962-6-4750801
Fax:	+962-6-4750845
E-Mail:	wehdat@capitalbank.jo

Branch	Address
Free Zone / Zarqa	Vehicles Licensing Area
P.O. Box:	941283 Amman 11194 Jordan
Tel.:	+962-5-382553
Fax:	+962-5-3824722
E-Mail:	freezone@capitalbank.jo
Irbid	Al-Huson Street – Irbid
P.O. Box:	941283 Amman 11194 Jordan
Tel.:	+962-2-7246280
Fax:	+962-2-7246492
E-Mail:	irbid@capitalbank.jo
Aqaba	Annahdah Street – Aqaba
P.O. Box:	941283 Amman 11194 Jordan
Tel.:	+962-3-2039777
Fax:	+962-3-2039949
E-Mail:	aqaba@capitalbank.jo
Al-Gardens	Wasfi Al-Tall Street – Building No. 115
P.O. Box:	941283 Amman 11194 Jordan
Tel.:	+962-6-5540444
Fax:	+962-6-5527834
E-Mail:	algardenzbranch@capitalbank.jo
New Zarqa	New Zarqa – 36 Street – Kurdi Plaza Complex
P.O. Box:	941283 Amman 11194 Jordan
Tel.:	+962-5393355
Fax:	+962-53856009
E-Mail:	New Zarqa

