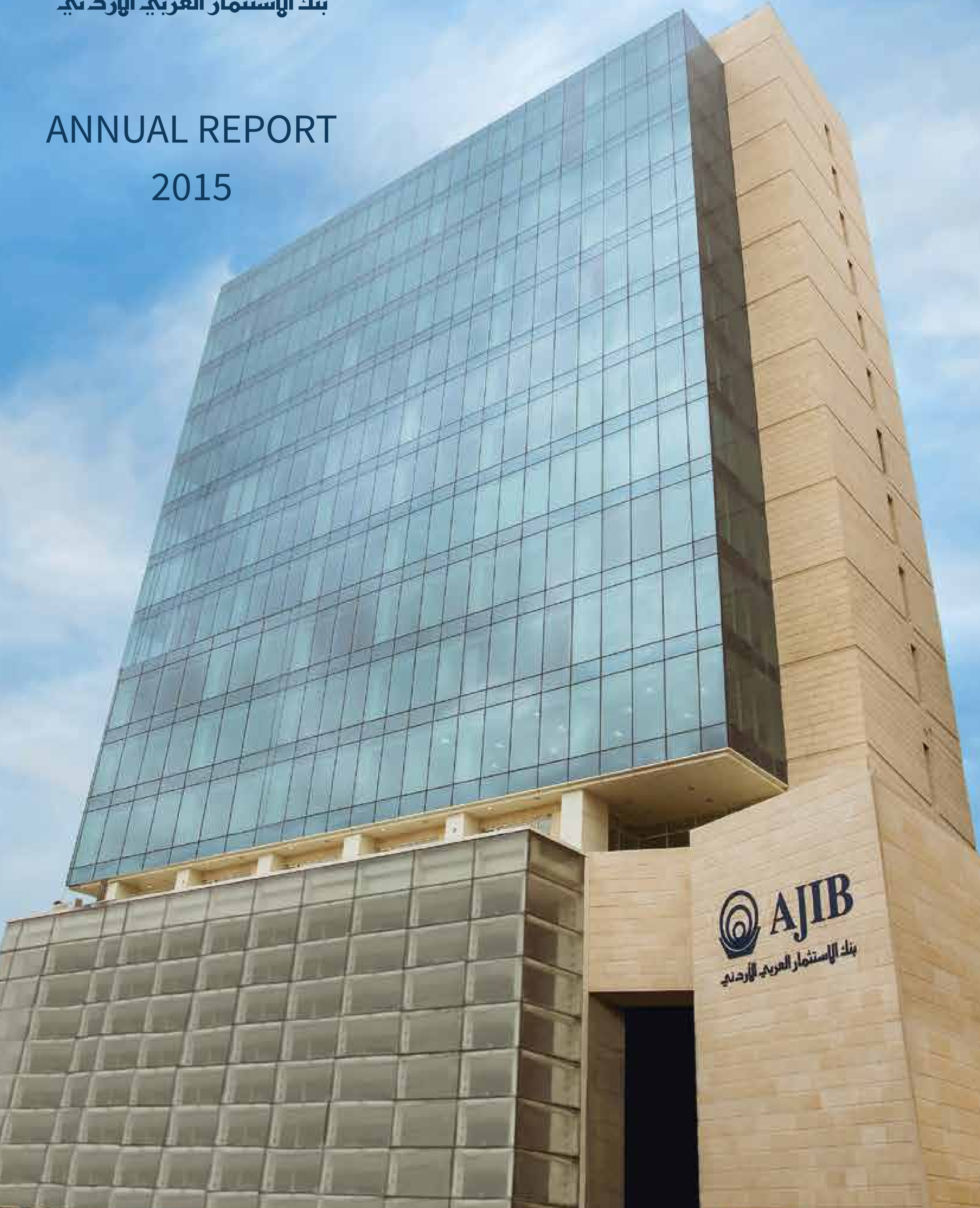
AJIB

بنك الاستثمار العربي الأردني

ANNUAL REPORT 2015



Key Indicators

33.5 JD Million
Net Profit Before Tax

1.1 JD Billion
Customers' Deposits and Cash Margins

15.9%
Capital Adequacy Ratio

15.1%
Return on Equity Before Tax

2.5%
Asset Growth Rate

43.8%
Efficiency Ratio

221.6 JD Million
Total Equity

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Board of Directors

Mr. Ibrahim Al-Mazyad
Representative of Arab Investment Company
Chairman

Mr. Abdulkadir Al-Qadi
Founding Chairman/Member

Mr. Hussein Al-Dabbas
Vice Chairman

Mr. Hani Al-Qadi
General Manager/CEO

Mr. Emhamed M. Faraj
Representative of Libyan Foreign Bank
Member

H.E. Mr. 'Mohammed Shareef' Al Zoubi
Representative of Petra Company for
Restaurants Establishment & Management
Member

Mr. Samer Al-Qadi
Member

H.E. Dr. 'Mohammed Nasser' Abu Hammour
Member

Mr. Mohammed Al-Okar
Member

Dr. Henry Azzam
Representative of Al Yaqeen Investment Company
Member

Mr. Khalil Abul Rubb
Member

Mission Statement

To be recognized as the leading bank in Jordan and the region; in products, and in the use of technology, by being client focused, innovative and having customer service excellence and highly skilled employees.

Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Bank's 37th annual report, which includes the consolidated financial statements for the year 2015, in addition to notes on the financial statements and the Bank's recent achievements.

2015 will probably be remembered as another disappointing year for global growth. China's economy lost some steam and a long commodities boom came to an end, spreading panic from Texas oil fields to Indonesian coalmines. Seven years of near-zero interest rates ended in the US, while easy money kept flowing in Europe, China and elsewhere.

It was also a year of opposing performers. While falling commodity prices took the shine off big emerging markets Russia and Brazil, other emerging economies such as India recorded solid numbers. In the developed world, robust US jobs growth prompted the Federal Reserve to tighten monetary policy for the first time since the global economic crisis took hold.

Overall, according to the International Monetary Fund (IMF), global growth declined in 2015, reflecting a further slowdown in emerging markets and a weaker recovery in advanced economies. It is now projected at 3.1% for 2015 as a whole, slightly lower than in 2014.

Meanwhile, prospects across the main countries and regions remain uneven. Relative to 2015, growth in developed economies is expected to pick up pointedly, while it is projected to recede in emerging market and developing economies. With declining commodity prices, depreciating emerging market currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies.

In sum, crude oil has been the big star of the whole of 2015. Lower energy prices affected most of the financial markets more negatively than expected. Meanwhile, and with the exception of the US, central bankers around the world were forced to keep their monetary policy loose as lower oil prices depressed inflation figures.

After sliding into the $40s in early 2015, crude oil gained back some lost ground by summer time, reclaiming the $60-a-barrel level, but as supply kept increasing and demand remained sluggish, prices saw renewed pressure. Meanwhile, the Organization of the Petroleum Exporting Countries (OPEC) refused to limit production for the second year in a row.

In Jordan, economic performance has held up relatively well in a difficult external environment.

The Syrian conflict continues to fester with no end in sight, and an escalation would weigh even more on Jordan's already-strained resources. Measurable negative spillovers from the conflict in Iraq have also impacted the economy. A worsening of the situation could further affect exports (Iraq being one of Jordan's largest markets), transit trade, energy imports, and investor confidence; while the continuing influx of Syrian refugees is also possible should the situation there further deteriorate.

The economy is clearly being helped by lower inflation due to lower oil prices, which will in particular decrease the energy import bill and the National Electricity Company's (NEPCO) losses. The benefits, however, could diminish over the longer term if cheaper oil reduces expatriate remittances, export and tourism receipts and foreign direct investments from oil-exporting countries.

As conflicts in Syria and Iraq continue to weigh heavily on the Jordanian economy, with real GDP growth amounting to 2.4% during 2015.

For the period ending December 2015, inflation, as measured by the consumer price index, fell by 0.9%. In 2014, inflation rose by at 2.9%. Nonetheless, while headline inflation has certainly come down, core inflation – which excludes oil and food – remains relatively elevated, reaching 3% last year. Yet again, this partly reflects increased demand by the Syrian influx.

Exports reached JD 5,558 million in 2015, a drop of 6.6% from their comparable level in 2014 mainly due to the loss of the Iraqi and Syrian markets. Imports also fell significantly in 2015 to JD 14,436 million, a decrease of 11.3% from the year before. Partly explaining this fall was the significant contraction in Jordan’s energy bill due to lower oil prices. The latest figures show crude oil and its derivatives plummeting by a significant 41.2%.

The rapid fall in imports and exports resulted in a narrowing of Jordan’s trade deficit in 2015 to JD 8,877 million or 14% year on year. As for the all-important expatriate remittances, statistics show a slight rise of 1.5% to JD 2.7 billion in 2015.

As for public finances, the combined deficit of the central government and the electricity company NEPCO amounted to 3.5% of GDP in 2015, slightly higher than expected. This reflects a central government revenue shortfall of 1.3% of GDP, including from lower oil prices, which was partly offset by spending restraint. At the same time, NEPCO is close to reaching a balanced budget, owing to the further decline in petroleum product prices and increased LNG volumes for electricity production.

Meanwhile, on the debt front, Jordan’s total net public debt increased to reach 85.6% of GDP as at end of 2015, compared to 80.8% of GDP as at end - 2014.

As for international foreign exchange reserves, these remain at an adequate level of U.S. 14.154$ billion as at end of 2015, equivalent to 7.8 months of prospective imports of goods and non-factor services. At the same time, credit to the private sector continued to improve and banking sector indicators remained sound.

In 2015, AJIB continued to pursue a prudent policy in developing its business due to the regional political circumstances that affected the investment and economic environments in general. Our priority was to enhance the operational profits within calculated and accepted risks while maintaining liquidity levels that comply with and exceed the requirements of the regulatory authorities. The Bank achieved solid after-tax profits of JD 23.2 million compared to JD 24.4 million in 2014, despite the tougher economic environment and higher taxes on banks. The return on assets before tax was 1.9% while the return on total equity was 15.1% before tax and 10.5% after tax.

Based on the still-excellent results achieved by the Bank during 2015, the board of directors recommended the distribution of a cash dividend of JD 18 million to shareholders at a rate of 12% of the Bank’s capital, the same level as last year.

Acknowledgement

On behalf of my fellow board members, I would like to express my thanks and gratitude to all of AJIB’s shareholders and to our valued customers and partners for their continued trust in our institution. I also wish to thank all of AJIB’s staff in all positions for their ongoing efforts, dedication and loyalty.

Ibrahim Hammoud Al-Mazyad
Chairman of the Board of Directors

The General Manager/CEO's Message

Dear Shareholders,

Two thousand and fifteen was full of noteworthy events for AJIB. Chief among these was the successful consolidation and integration of the acquired banking operations of HSBC Jordan, a transaction that took place in mid - 2014, and is considered the largest acquisition in the Jordanian banking sector to date.

With the successful consolidation, AJIB has further developed and upgraded its banking services and products in an effort to meet the continuous growth of its customer base and the expansion of its banking operations. The Bank has innovated a number of services and offerings in its portfolio, including its online banking platform, retail banking, corporate finance, corporate and commercial banking, private banking and foreign investment services.

In terms of financial results, the Bank achieved good progress as evidenced by the growth in the balance sheet, despite the difficult political and economic environment in the region. Total assets rose from JD 1.750 billion in 2014 to JD 1.793 billion at the end of 2015, a growth of 2.5%. At the same time, customers' deposits and cash margins grew from JD 1,050 million in 2014 to JD 1,106 million at the end of 2015, an increase of 5.3%. Meanwhile, net credit facilities rose by 5.6% from JD 698 million in 2014 to JD 737 million at the end of 2015, whereas the securities portfolio grew from JD 610 million in 2014 to JD 623 million as at end of 2015. AJIB's total revenues rose to JD 100.7 million in 2015 compared to JD 89.7 million in 2014, a growth rate of 12.3%. Finally, the Bank posted net profits before tax of JD 33.5 million in 2015.

Notably the Bank maintained the lowest non-performing loan ratio among its peers at 1.94%, while ensuring a high capital adequacy ratio of 15.94% (significantly higher than the CBJ requirement of 12%). This indicates the Bank's solid financial position and strong capital base.

Finally, my sincere thanks and gratitude go to our customers for their trust and business and to all of AJIB's staff for their relentless efforts during the past 12 months.

Hani Abdulkadir Al-Qadi
General Manager/CEO

Our Achievements During 2015

1. Corporate Banking Department

The Arab Jordan Investment Bank (AJIB) has consistently sought to bolster a tradition of excellence in the field of providing banking services to the corporate sector. It has done so by relying on a team of customer relationship managers endowed with competence and wide experience, and likewise through striving to offer an integrated range of products and services designed to achieve the economic and financial aims of leading companies and institutions in diverse sectors.

The foregoing was reinforced by the fact that the Bank, in 2015, implemented and developed the Payments and Cash Management Services for companies through AJIB's online banking services. These provide integrated banking solutions to companies at any time whilst facilitating their daily transactions with support from a team specialized in this field.

The corporate department in the Bank achieved noticeable success, whereby it has succeeded in maintaining the corporate customer base that recently joined AJIB as a consequence of its acquisition of HSBC Jordan. Moreover, it has succeeded in enhancing the growth of the credit facilities portfolio through attracting new clients. It is to be noted that all of the aforementioned was accomplished in accordance with the Bank's strategy that is rooted in broadening the corporate customers base of diverse economic sectors – whether in trade, industry, transport services and infrastructure projects – and in accordance with a credit policy that is based on an acceptable level of risk; all in a manner safeguarding the quality of the credit portfolio.

2. Retail Banking Department

Based on the commitment of AJIB to achieve customer satisfaction, and to fulfill all the needs of customers, the Bank has been keen in 2015 on providing a host of innovative banking and investment services and pioneering products, including the services of AJIB Prestige, AJIB Advantage and AJIB Value. Each one of these services provides unique and exclusive features to its clients, and the classification of these accounts was consolidated across all 34 branches and offices located in Jordan. Moreover, six Prestige service centers were created and allocated for clients in the branches of the 5th Circle, Al-Dakhiliyyah Circle, Abdoun Circle, Bayader, Jubeiha and Tla' Al-'Ali.

Meanwhile, the Bank expanded the Direct Sales Department in order to ensure interaction with all the segments of society in the various sectors and at diverse locations. Additionally, a new version of the online banking services was launched, coupled with the addition of eFAWATEERcom service which enables customers to electronically pay their bills, make donations, pay tuition fees and much more in an easy and safe way.

Recognizing the growing needs of the Bank's clients, AJIB has launched its BANCASSURANCE services in cooperation with the American Life Insurance Company (MetLife) in Jordan. The latter offers banking and investment insurance services to customers of the Bank who possess high financial solvency within the ambit of the Prestige service. In this connection, AJIB will, through this partnership, offer several programs including the life insurance program and the retirement program, with both aiming to provide security and comfort to customers and their families; the university education program for sons and daughters, which would facilitate the process of planning for covering university education costs whilst also raising the standard of the education they receive; and finally the investment programs for fulfilling the aspirations of the customers, each according to their varied investment needs and appetite for risk.

The Bank intends to pursue sound credit policies and strategies in order to achieve goals represented in expanding the customer base through developing the present products while concurrently marketing new products and achieving growth in the retail facilities portfolio and at the same time safeguarding its quality and stability.

3. Trade Finance Department

AJIB has achieved a qualitative leap forward after acquiring HSBC's operations in Jordan in mid-2014. A number of new services were offered within the scope of work of the Trade Finance Department, in addition to the previously available services, with a view to supporting all the customers of the Bank while relying on a highly qualified work team. These services include import and export loans, financing loans prior to and after shipment, discounted bills, credit guarantees, transferrable letters of credit, local and foreign bank guarantees of all types, the open account, and the review of documents in accordance with international customs and norms by a qualified and distinctive team.
Those services offered by the Trade Finance Department were developed whereby they have become available through the Bank's online services, which has contributed to saving time and effort whilst fulfilling the ambitions and aspirations of our clients.
Furthermore, an automated notification service has been developed, enabling customers to receive instant notifications particular to trade transactions by e-mail. Also, the Bank has made use of advanced programs protecting its clients against the risks of international commerce, and accordingly the Bank has gained a noticeable competitive standing in the Jordanian market.

4. Transfers Department

The Transfers Department has witnessed in 2015 an exponential growth and a noticeable development in terms of offering transfer services through AJIB's online services and customers' instructions at the level of all the branches and offices in all parts of the Kingdom, which has contributed to an increase in the income of the Transfers Department. Hence, the volume of incoming and outgoing transfers has increased by 46% compared to 2014, which has reflected positively on the Bank while endowing it with a high reputation among local and international banks concurrently, such as it relates to applying the highest compliance standards and the monitoring of money laundering activities, deploying new programs in this field, and being abreast of the latest developments in the transfers service field. In this regard, noteworthy is the recent move to adopt the direct transfers' methods; Straight Through Process (STP) and Automated Clearing House (ACH) in compliance with the directives of the Central Bank of Jordan (CBJ). All of the preceding was accomplished through a qualified and trained team to serve the Bank's customers at the level of all the branches and offices spread out across the Kingdom, and through a wide correspondent banking network.

5. Deposits Department

In line with the commitment of AJIB to offer excellent banking services, the Bank has continued to offer competitive interest rates according to the new account classifications. Moreover, the Deposits Department, in the various main currencies, has continued to meet the various and advanced needs of the customers in a highly professional manner, and the Bank has been keen on developing the skills of the customer service employees insofar as being well versed in all the offered products and services, with a view to being fully knowledgeable of the developments in the Bank itself and the competition presented by other banks.

6. VIP Banking Department

The VIP Banking Department has been able in 2015 to maintain the highest standards in the special services and products offered to leading clients, whether individuals or companies. This was done by offering innovative banking solutions within the realm of the finest standards of precision, quality and capability, which fulfilled the expectations of our customers whom we serve with pride.

7. International Investments Department

AJIB, through the International Investments Department, monitors the risks relating to the market, interest rates and the value of products to which the Bank and customers are exposed to whilst dealing with various hedging instruments, such as derivatives, for purposes of managing investment risk. In fact, the department offers to its customers an integrated set of products and services, including brokerage services and services related to securities in the local and leading financial markets, regionally and globally, not to mention strategic consulting services in capital markets. The work team comprises of bankers and investment specialists endowed with extensive experience in local, regional and international markets. The said team deals with a wide spectrum of customers and brokers in order to avail the best opportunities and to harness them to deliver an appropriate investment performance.
AJIB offers a wide array of investment and wealth management products and services that seek to meet the aspirations of customers and their future investment needs. In addition to integrated services in the fields of international brokerage and custodial services, the International Investments Department at AJIB participates in subscriptions and initial public offerings in most of the international markets on behalf of its clients.

8. Treasury Department

AJIB continued in 2015 to provide the finest investment services and products through the Treasury Department, which has demonstrated high professional capability in terms of being well-informed of all the local and global economic developments, particularly with the substantial expansion of the customer base after the acquisition of HSBC Jordan.
The Treasury Department maintained liquidity requirements and the optimum management of assets and liabilities, and has realized noticeable growth in revenues due to the utilization of suitable tools to manage market risks and to adopt investment and finance plans that are in harmony with the orientations of the Bank and the directives of the CBJ. Moreover, AJIB maintained its leading role in the Jordanian money and capital markets in 2015 through its active participation, including investing in government bonds, Jordanian treasury bills and securities issued by Jordanian companies and development bonds, and being a major player in the interbank market.
It is noteworthy that in 2015 the global markets witnessed major economic developments and events, where the Treasury Department informed the Bank’s customers about those events and provided an assessment of their repercussion on the prices of financial tools, currency exchange rates, and taking all the necessary precautions with a view to providing integrated and comprehensive services to the Bank’s customers whilst continuing to offer opportunities to the customers relating to concluding contracts in the various financial derivative types available in the global markets.
The Treasury Department remains an important point of reference for the Bank’s customers in respect of availing the economic reports and analysis it issues, where there was a noticeable increase in the number of financial derivatives contracts executed in 2015 in favor of customers in terms of forward contracts, swap contracts of assorted types, and options contracts.

9. Cards and ATM Department

The Bank has in 2015 keenly sought to bolster the additional services offered to the cardholders of various kinds –Visa and MasterCard– through participating in and contributing to all the promotional and marketing campaigns that offered incentives and benefits to the cardholders upon their use of their credit cards, whether inside or outside Jordan. AJIB continues to offer the widest range of branded cards in Jordan.
Moreover, in cooperation with Visa, a comprehensive study was conducted concerning the usage of cards with the aim of enhancing the benefits granted to the holders of the cards issued by the Bank, and through increasing the number of cardholders whose cards grant them access to more than 500 VIP lounges in airports in 300 cities around the world.

The constant care given by the Bank to the holders of cards of assorted kinds has produced tangible results in terms of an increase in the usage of cards and an increase in the volume of local and foreign withdrawals, which led to a tangible increase in the revenues compared to 2014.
At the level of automated teller machines (ATMs), the Bank in 2015 continued to install more ATMs to cover wider areas in commercial and residential districts in the various parts of the Kingdom so as to offer assorted banking services to the widest possible segment of customers, particularly after official working hours, on weekends and official holidays, 24 hours daily.

10. Exchange Bureaus

With the recent launching of the Queen Alia International Airport's brand new terminal, AJIB continues to offer FX services through its offices spread out in various areas of the airport to arriving, departing and transiting passengers. The comprehensive view for future banking activities has made it necessary for the Bank's management to convert one of the money exchange offices to a full-fledged branch that offers all banking services in terms of withdrawals, deposits, exchanging all major foreign currencies, opening accounts, granting of facilities including personal and housing loans, issuing credit cards of diverse kinds to all the staff working at the Queen Alia International Airport and the major institutions present there.
Based on the belief of the Bank in the importance of providing banking services around the clock, the ATM network installed at the airport was widened to include 12 machines that offer cash withdrawal service to the cardholders of various kinds (Visa, MasterCard, American Express and others) irrespective of the party issuing the card, whether inside or outside Jordan.

11. Information Technology Department

The Information Technology Department accomplished several important projects in 2015 which sought the improvement of the work environment in the Bank, thereby putting it at the forefront of the latest developments and technologies in the Banking field. This was reflected positively on the standard and quality of the service provided to customers. Those projects included receiving the international PCI-DSS certificate for the data security of payment cards, and the development of the applications of the data security systems in accordance with international standards. It also included development of the international banking network and the branches network, in addition to the development of the Banking system in accordance with the most up-to-date version of databases.
Furthermore, the Department continued to enhance modern banking services, such as mobile banking, in addition to upgrading the disaster recovery center, equipped with state-of-the-art equipment and technologies with a view to continuing to provide banking services to the Bank's customers in emergency conditions, and developing security systems particular to monitoring and preventing breaches. The Information Technology Department was also keen on complying with the directives of the CBJ particularly as they relate to information technology and security, and applying the instructions and standards of business continuity.
As it stands, work is ongoing on following up on implementing the national new payments systems; RTGS, ACH and DEPOX.

12. Administrative, Human Resources and Training Department

The Human Resources Department (HRD) has played an instrumental role in 2015 following the acquisition of HSBC Jordan to ensure a seamless and successful integration process. The challenges faced mainly revolved around integrating the former HSBC staff into AJIB to ensure that all employees have become attuned to a unified corporate vision, values and goals. It was important to set the tone and expectations and manage cultural integration issues early on. Efforts were mainly centered on and around ensuring that consistent policies and procedures were in place considering that it has a direct effect on the management of people and on setting grounds for the proper integration of both cultures.

Furthermore, AJIB contracted with external specialist consultants with the intent of adopting HR best practices and addressing the complexities involved as a result of having different compensation and benefits systems. In turn, the department was able to achieve the following tasks:
- Review of the current organizational structure in order to identify the main challenges and assess the Bank's readiness to adapt and succeed in a rapidly-changing environment.
- Integrate the ex-HSBC staff into AJIB's salary system and maintain a cohesive compensation strategy.
- Develop a unified benefits program that included the better elements of both systems.
- Perform the necessary job analysis and internal job evaluation with an eye to eliminating redundancies in jobs and assigned responsibilities.
- Develop job descriptions to account for the integrated roles within the organization.

These tasks were carefully executed throughout the year within a well thought out implementation plan and communication strategy. It was vital to communicate the necessary messages with all the stakeholders in the integration process to avoid any confusion, fear and/or lack of faith. The Department maintained a very close and amicable relationship with managers and employees and was keen on answering their frequent enquiries that facilitated the development of the Bank's esprit de corps.

Moving forward, AJIB will consider organizational restructuring as a second phase of the post-acquisition integration process. This is mainly to emphasize efforts to develop and adapt the organization culture to the new business make-up to ensure organizational alignment as well as to help maintain a culture that promotes high levels of organizational performance.

In 2015, the Training Department at AJIB undertook all of its tasks and training duties. In doing so it enjoyed support and guidance from the Bank's upper management. As a result of this support, all objectives were met and resulted in the development of the abilities and skills of workers at the Bank in all areas by increasing their knowledge, developing their skillset and improving their work capabilities. To do just that, 340 participants from the Bank attended training workshops and conferences. It is noteworthy that 138 local workshops were organized.

Participants took part in English-language workshops conducted at the UNIHOUSE Academy for training, as well as at the Pioneers Institute for Training. Moreover, employees took part in training workshops conducted at the Institute of Banking Studies, as well as in seminars at the Association of Banks in Jordan, the General Association of Banking Workers, Insurance and Accounting, in addition to many other training workshops and centers.

In 2015, 40 of the Bank employees sat exams for the purposes of promotion. Meanwhile, 90 job applicants sat admission exams. As for new employees, 46 of these sat exams to change their status to permanent employee. At the same time, seven students were trained under the Darb summer program for the year 2015, which was organized by the "LOYAC" Institute to train students from Jordan University. Moreover, 20 trainees from different Jordanian universities were trained as a mandatory university requirement. Last but not least, several training programs for new employees were conducted to familiarize these new employees with the work processes at the Bank's different departments.

13. Retail Branches and Offices Network

AJIB continued to endeavor to expand its activities in the field of retail banking services, with an eye to achieving greater growth, to expand the customer base, diversify risk, and to offer the finest banking services to our clients through being present at vital locations in major population centers of the Kingdom – in a manner bolstering our connectivity to them and contributing to serving them with the highest standard of quality and excellence. Hence, the Bank has conferred a new look on six of its branches through renovation works that it undertook in order to be harmonious with its new branding guidelines. Moreover, Prestige centers were opened in six Bank branches to facilitate offering Prestige services to its customers and to provide unique banking services exclusively to them.

14. New Head Office Building

The new state of the art management building is located on Zahran Street in proximity to the 6th Circle in the capital Amman with a total area of 30,000 m^2. The new building includes the offices of the general management and the main branch of the Bank, in addition to two underground floors for services, and four underground floors for parking, as well as an adjacent above ground parking lot, all designed according to the most modern and sophisticated architectural standards.
Moreover, the process of buying and procuring office furniture was accomplished with a view to having it installed at the appropriate time so the employees can move to the main building in 2016. The new building will be a main landmark in Amman that serves clients and offers a comfortable work environment.

15. Cyprus Branch

2015 has been a challenging year for the Cypriot economy as well as for the Cypriot financial industry. As Cyprus is completing its final stages under the macroeconomic adjustment program, due to end on March 31, 2016, the economy is showing signs of stability and growth.
There are positive signs of growth recorded for each quarter of 2015, following the previous year's contraction. The expected growth rate was around +0.5% for 2015, with a higher growth expectancy in 2016 of +0.75% to +1.0%.
The successful recapitalization of the Cypriot banks by private investors as well as recapitalization of the Cooperative Credit Institutions by the government, aided in restoring confidence in Cypriot banks.
Since its establishment in 1989, AJIB Cyprus branch has successfully served its clients' financial needs. This success, spanning 26 years, is accredited to the offering of the highest level of personal service and tailor-made products, all of which have contributed to the building of strong, lasting relationships with clients. With the local and international business knowledge and full range of banking services to support customers, AJIB Cyprus provides solutions to their banking needs.
Over and above the regular banking services that include treasury, deposits, offshore and onshore lending, AJIB Cyprus provides fast and reliable payment services worldwide for local and international customers using the SWIFT network, as well as assist in their trade finance needs such as letters of credit, letters of guarantee and bills for collection.
AJIB Cyprus branch, as a licensed Credit Institution authorized by the Central Bank of Cyprus, is also a member of the Deposit Protection Fund for Banks (DPF).

16. Representative Office of AJIB in Tripoli – Libya

The representative office of AJIB in Tripoli-Libya is keen on bolstering cooperation with the private sector, the Banking sector and the various financial institutions in Libya, which would contribute to promoting and strengthening relations with the Libyan banking sector, private institutions and companies, as well as individuals. The office follows up on all the activities and services related to customers based in Libya while also responding to all their inquiries.

17. United Arab Jordan Company for Investment and Financial Brokerage

This brokerage subsidiary of AJIB offers services in the field of selling and buying local stocks and bonds and provides an ideal and comfortable atmosphere for its clients. The turnover of the company was good in view of the slight improvement in the prices of shares and the volume of trading in the Amman Stock Exchange in general in 2015, where the index of share prices dropped to 2136.3 points by the end of 2015 compared to 2165.5 points at end of the previous year, that is a decrease of 1.3%. It may be noted that the total volume of trading in the Amman bourse in 2015 amounted to JD 2.5 billion compared to JD 2.2 billion in the previous year. Moreover, the number of traded shares in 2015 decreased slightly, where the number of traded shares was 2.29 billion shares executed through 898 thousand contracts compared to 2.3 billion shares that were traded in 2014 executed through 956 thousand contracts. Also, the stock turnover ratio rose to 37.3% compared to 32.8% in 2014.

18. Arab Jordan Investment Bank (Qatar) LLC

The Qatari economy is considered one of the economies achieving noticeable growth at the Arab and global levels. Despite oil losing around 50% of its value since last summer, it is expected that the Qatari economy in 2015 will grow by 7% buoyed by huge spending on infrastructure projects. Moreover, it is forecasted that the real gross domestic product (GDP) will grow to 7.5% in 2016 and 7.9% in the following year. This is a consequence of the government continuing to implement a mega investment program in the non-oil sector.

Reports indicate that Qatar – the leading exporter of liquefied natural gas in the world – is in a good situation enabling it to overcome the temporary decline in the prices of oil, due to the solid foundations of its economy. Moreover, the huge financial resources of the country will enable it to continue implementing its investment program, and the impact of the decline in the oil prices on the Qatari economy will be marginal particularly since the Qatari investment program does not only include the 2022 World Cup project, but also other infrastructure projects, such as the Doha Metro project that is valued at $36 billion.

The growth of the Qatari economy has led to the creation of positive market conditions for the operations of the Bank, well into its tenth successive year, resulting in excellent financial results. The Bank continued to expand the volume of business and to attract select outstanding customers, and to offer credit facilities to several economic sectors inside and outside the state of Qatar.

The Bank strives to communicate with and serve Jordanians residing in Qatar, whereby in 2015 the Bank hosted a delegation of the Social Security Corporation to explain the significance of optional subscription in the Jordanian social security system. The function was attended by a large number of the Jordanian community residing in Qatar.

19. Arab Advisors Group

The Arab Advisors Group is a private shareholding company that is a subsidiary of the AJIB Group. One of its main objectives is to conduct studies and research in such sectors as telecommunications, media, technology and financial consulting, including economic feasibility studies and financial analysis for individuals and institutions, and investment in securities. The company currently offers services in the field of market studies in 19 Arab countries.

The number of subscribers to the strategic telecommunications service amounted to 43 companies while the number of subscribers to the strategic media service was 17 companies as at end of 2015. Moreover, the company in 2015 implemented a number of major consulting projects in each of Jordan, Saudi Arabia, Palestine, the UAE, the US, India, and some African countries, in addition to numerous consulting projects executed in favor of several Arab telecommunications and media companies. It is worthy to mention that the company issued in 2015 a total of 476 reports, as detailed below:

305 on the telecommunications sector, 127 on the media sector and 44 reports on the Banking sector. These reports included 35 reports on Qatari companies in the telecoms, media and banking sectors.

The company held its two annual conferences, namely, “The First Electronic and Mobile Payments in the Arab World Conference” and the “The Twelfth Convergence Summit Conference”, both conferences witnessed great success, where more than 300 delegates from all parts of the world attended the conferences, and major companies in telecommunications, media and financial sectors participated in them.

20. Jordan International Bank - JIB London

Jordan International Bank - London, United Kingdom (JIB) is an affiliate of AJIB, in which the Bank owns 25% of the capital. The Bank has developed on all fronts since its co-acquisition by AJIB in 2010 and continues to prudently expand its granting of loans to real-estate developers in Central London and its prominent outskirts, a sector that has exhibited low risks. The Bank also continued to provide various trade finance services, private banking services and treasury services to a range of select retail and corporate customers and counterparties. The Bank's pre-tax operating profits reached £6.0 million during 2015 compared to £6.2 million during 2014.
The Bank's balance sheet has grown from £342 million at the end of 2014 to £389 million at the end of 2015. Furthermore, the Bank's issued share capital increased from £55 million to £65 million in 2015, which indicates the strong support exhibited by the Bank's shareholders. This capital increase of £10 million shall expand the Bank's financing activities and in turn its profits.

Business Objectives for 2016

• Continue to focus on the retail sector and individuals, where we have proven expertise in offering innovative banking products and services that meet the needs of small enterprises, as well as individuals, all while committing to providing the highest level of quality in service provision.

• Meeting the needs of private-sector companies, medium and large.

• Expand the provision of private banking services to the Bank's high net worth clients.

• Focus on large infrastructure projects, especially in such areas as energy, electricity and transportation.

• Maintain the Bank's advanced capabilities in the usage of information technology in banking services through smartphones and the internet, which are effective and important tools in meeting customers' needs to execute their banking transactions from the comfort of their home or workplace.

• Continue to expand and improve on the Bank's network of branches and offices by opening more of these, making them the main pillar of the Bank's different activities. What's more, the Bank plans in 2016 to increase the number of ATMs while adding new advanced services provided through them.

• Develop and modernize the system of human resources management and promote the element of information technology, whereas this element has a vital role and tangible effect in improving services provided to the clients, whether in terms of speed or efficiency.

• Complete ongoing works on the Bank's new headquarters building and move to it within a comprehensive plan that will see staff and clients transition to the new building seamlessly.

A Summary of Key Financial Indicators
for AJIB Group

JD Million

Statement/Year	2011	2012	2013	2014	2015
Total Assets	927.3	1032.9	1198.7	1750.2	1793.2
Credit Facilities - Net	332.2	391.9	377.3	698.1	736.6
Financial Assets Held at Amortized Costs	333.2	331.1	438.9	578.5	588.6
Customers' Deposits and Cash Margins	570.8	598.3	617.9	1050.1	1105.9
Total Equity	129.8	155.1	159.5	218.5	221.6
Gross Income	37.0	40.9	42.3	61.0	69.5
Net Profit Before Tax	16.4	20.3	22.2	33.6	33.5
Net Profit After Tax	11.9	15.0	16.7	24.4	23.2

Analysis of Operational Results

The Bank in 2015 posted net profits before tax of JD 33.5 million, compared to JD 33.6 million at the end of 2014. As for net profits after tax, these reached JD 23.2 million compared to JD 24.4 million in 2014. The foregoing were achieved as a result of the Bank's various operational activities, the most important of which include:

- Total income rose from JD 61.0 million as at end of 2014 to JD 69.5 million in 2015, equivalent to a growth rate of 14.1%.

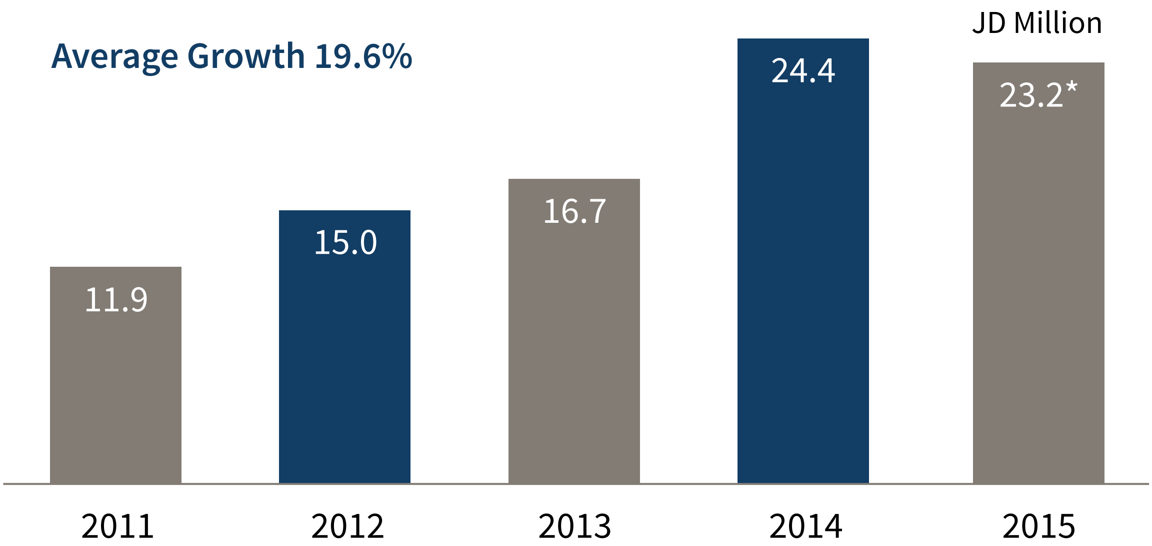
- Non-interest income (net commission income, gain from foreign exchange, gain from financial assets, credit card fees, the Bank's share from its subsidiaries' profit, and other incomes) reached JD 17.5 million, an increase of JD 2.3 million or 14.8% over and above its level in 2014, which stood at JD 15.3 million.

- Non-interest income constituted 25.2% of total income as at the end of 2015. This compares with 25.1% in 2014 suggesting that the Bank has succeeded in diversifying its sources of income and in lessening its reliance on interest income.

- The efficiency ratio (operating expenses' ability to generate revenue) reached 43.8% and as such is one of the best in the Jordanian banking sector. It is noteworthy that the lower this percentage, the higher is the Bank's efficiency ratio.

- The impairment loss on direct credit facilities reached JD 4.8 million in 2015 compared to JD 1.7 million in 2014. Much of this increase is naturally attributed to the huge growth in AJIB's portfolio after the acquisition of HSBC Jordan.

Net Profit after Tax

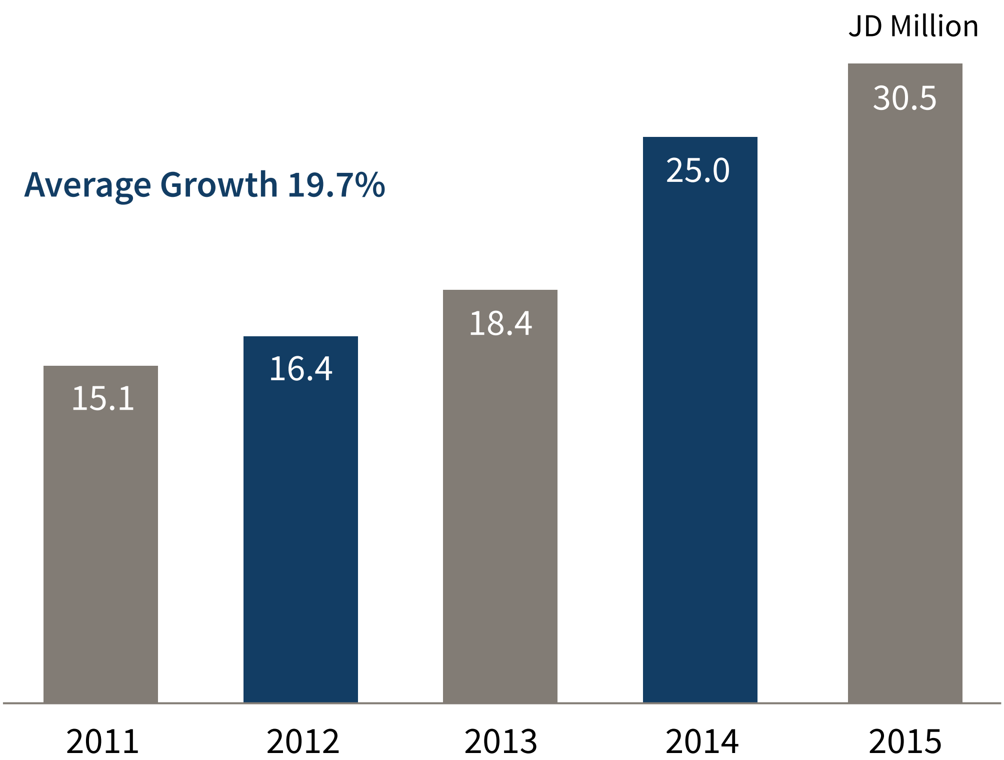


Net Profit after Tax

**Income tax on banks was increased by 5% starting 1 January 2015 to become 35%.*

Total Operational Costs

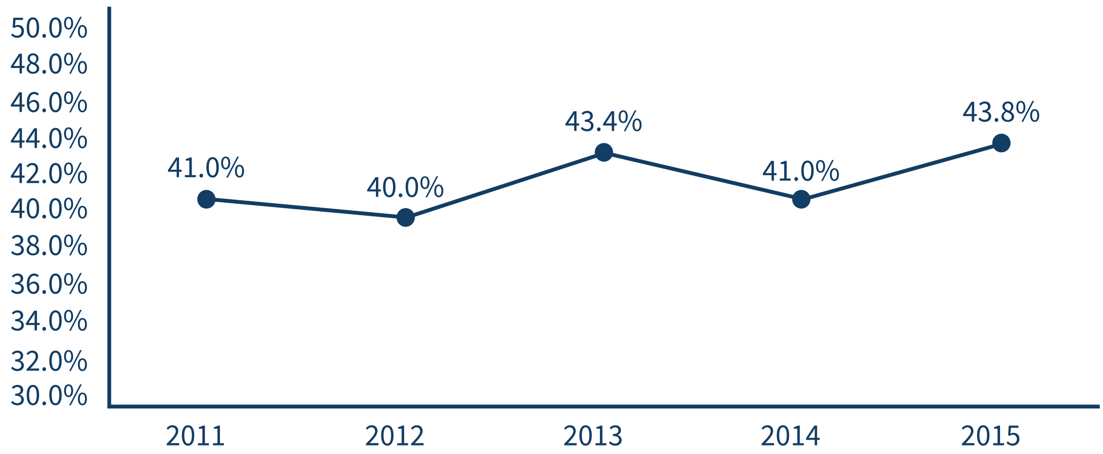
Much of the rise in operational costs can be attributed to the inclusion in 2015 of all the costs related to the acquisition of HSBC branches in Jordan. It is noteworthy that the acquisition took place in mid 2014.



Total Operational Costs

Efficiency Ratio (Operational Cost/Gross Income)

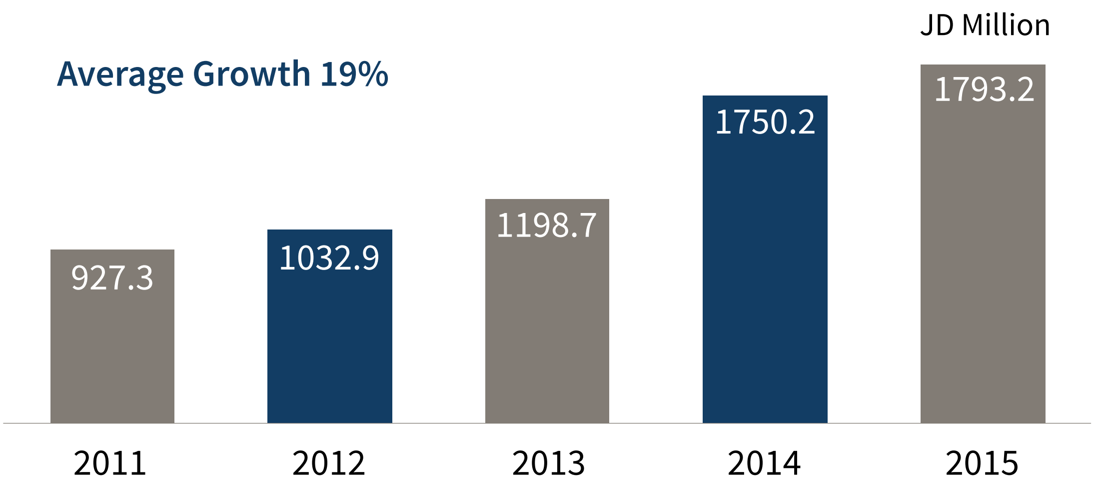
This indicator measures the ability of operational costs to generate revenues, such that revenues growth rates are greater than operational costs growth rates. A drop in this ratio indicates an effective management of operational costs. As is clearly shown in the below graph, AJIB manages operational costs with high efficiency, thus guaranteeing a high level of revenues. It is noteworthy that the efficiency ratio for the Jordanian banking sector stood at 46%.



Efficiency Ratio

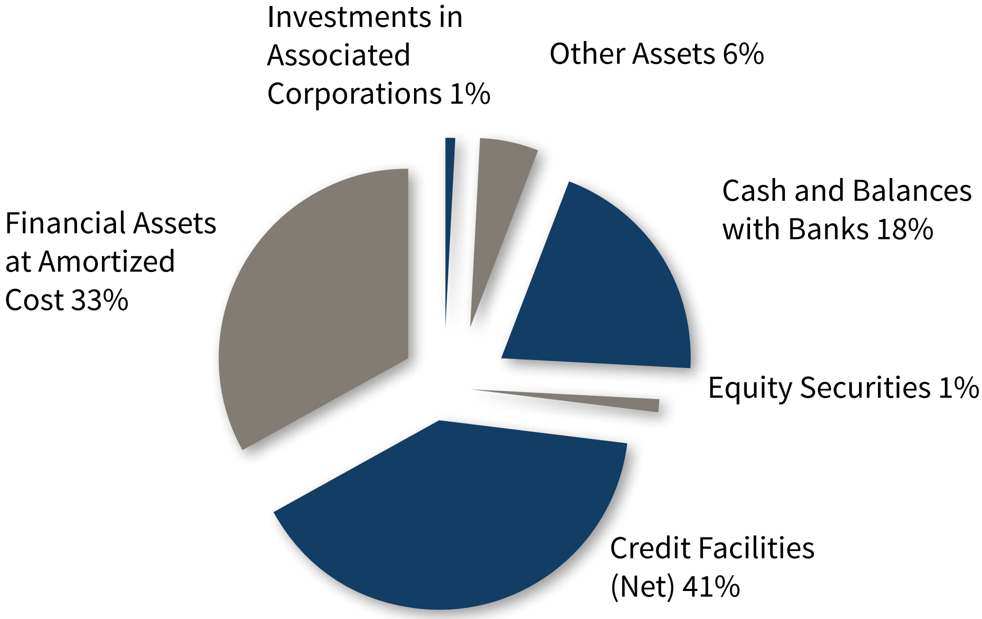
Analysis of the Financial Position

Assets in 2015 grew by 2.5% to reach JD 1.793 billion compared with JD 1.750 billion in 2014. This growth came as a result of diversifying sources and allocations of funds in a manner that ensures profitable returns to our business partners, shareholders, customers and employees within targeted and acceptable levels of banking risks.

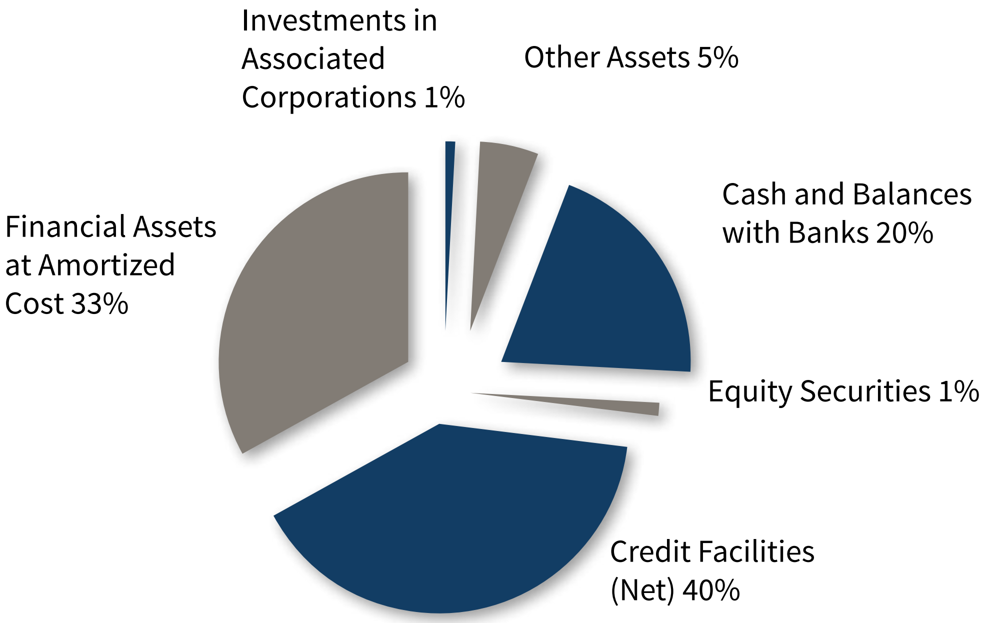


Total Assets

Balanced Composition of Assets Indicates Strong Financial Position



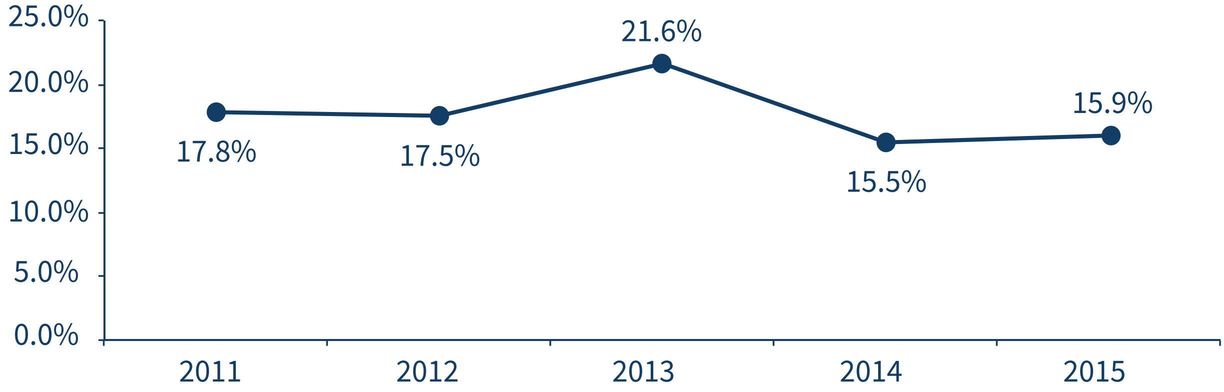
2015



2014

Capital Adequacy

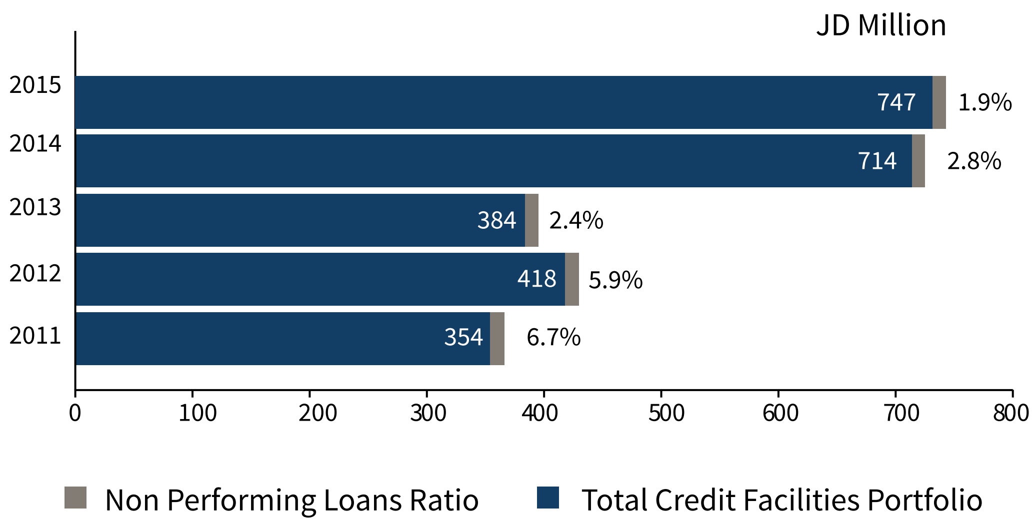
The capital adequacy ratio has significantly surpassed the minimum 8% required by the Basel Committee, as well as the minimum 12% required by the Central Bank of Jordan to reach 15.94% in 2015.



Capital Adequacy Indicator

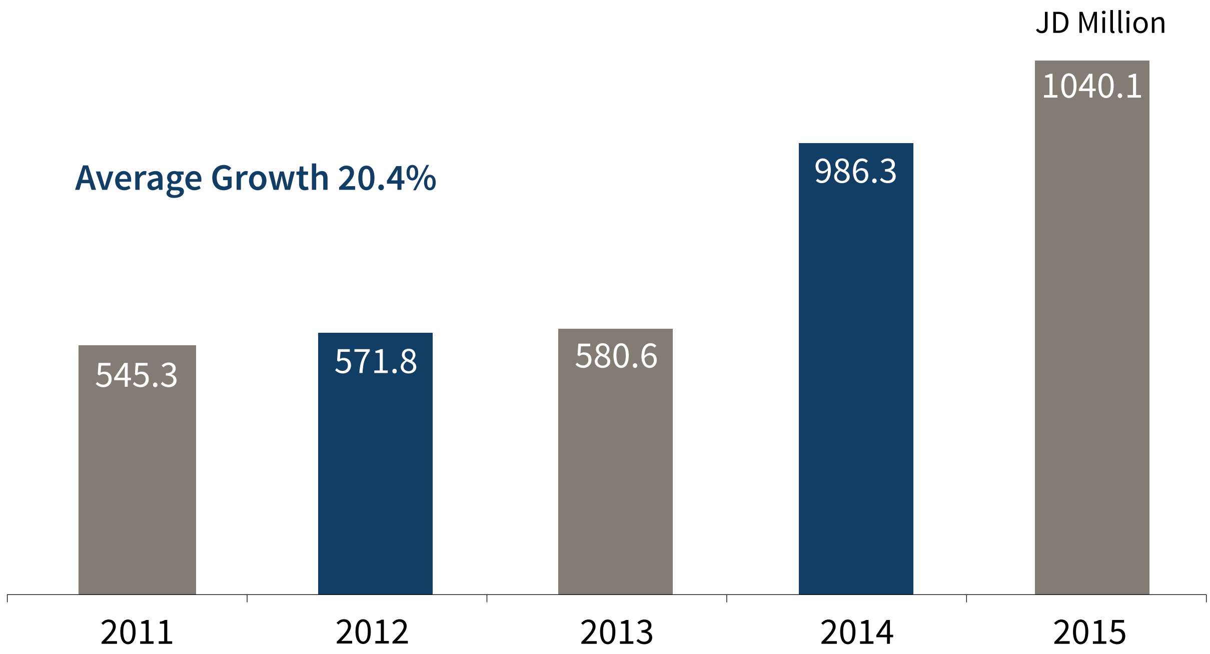
Total Credit Facilities Portfolio

The Bank in 2015 sought to exert all its efforts in improving the quality of its credit portfolio by implementing two strategic pillars: pursuing a prudent and selective credit policy in granting facilities, and intensifying its efforts in collecting and processing non-performing loans. Thanks to these efforts, the total credit facilities portfolio reached JD 747 million in 2015, compared to JD 714 million in the year before. Meanwhile, the percentage of non-performing loans reached 1.9% of total direct credit facilities after deducting suspended interest. This is down from 2.8% in 2014 and is considered one of the best in the Jordanian banking sector, where the average is 5.5%.



Evolution of Customers' Deposits

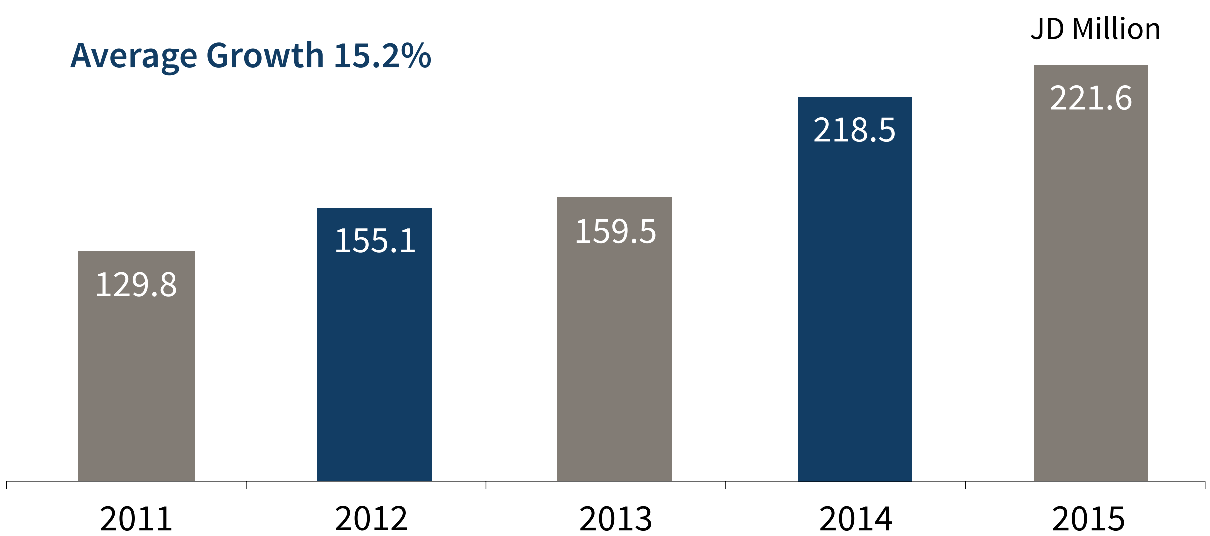
Continuous and steady growth rates in customers' deposits highlights depositors confidence in the Bank.



Customers' Deposits

Total Equity

The Bank managed in 2015 to continue growing its capital base in a manner that places it within the ranks of well-capitalized and stable financial institutions. Total equity rose from JD 218.5 million in 2014 to JD 221.6 million in 2015, a growth rate of 1.4%.



Total Equity

Financial Highlights

	2015	2014
Return on Average Assets (ROaA) Before Tax	1.9%	1.9%
Return on Average Assets (ROaA) After Tax	1.3%	1.4%
Return on Average Equity (ROaE) Before Tax	15.1%	15.4%
Return on Average Equity (ROaE) After Tax	10.5%	11.1%
Non-Performing Loans / Credit Facilities Portfolio	1.9%	2.8%
Net Credit Facilities / Customers' Deposits	70.8%	70.8%
Net Credit Facilities / Total Assets	41.1%	39.9%
Cash and Balances with Banks / Total Assets	18.3%	20.3%
Total Equity / Total Assets	12.4%	12.5%

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

Independent Auditor's Report

AM/ 32772

To the Shareholders of Arab Jordan Investment Bank
(A Public Shareholding Limited Company)
Amman - The Hashemite Kingdom of Jordan

We have audited the accompanying consolidated financial statements of Arab Jordan Investment Bank (A Public Shareholding Limited Company) which comprise of the Consolidated Statement of Financial Position as of December 31, 2015, and the Consolidated statements of Income, Comprehensive Income, Changes in Shareholders' Equity, and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, 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 evidences about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Report on the Legal and Regulatory Requirements
The Bank maintains proper accounting records, which are aligned with the accompanying consolidated financial statements and with the consolidated financial statements presented within the Board of Directors' report. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Other matter
The accompanying consolidated financial statements are a translation of the statutory consolidated financial statements which are in the Arabic Language, to which reference should be made.

Amman – Jordan
March 27, 2016

Deloitte and Touche (M.E) – Jordan

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

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

List (A)

	Notes	December 31	
		2015	2014
Assets		JD	JD
Cash and Balances at Central Bank of Jordan	4	100,001,517	138,162,869
Balances at Banks and Financial Institutions	5	206,225,447	197,817,298
Deposits at Banks and Financial Institutions	6	22,021,783	19,925,164
Financial Assets at Fair Value through Profit or Loss	7	65,647	43,198
Financial Assets at Fair Value through Comprehensive Income	8	14,582,937	14,879,717
Direct Credit Facilities - Net	9	736,572,470	698,084,208
Financial Assets at Amortized Cost	10	588,563,087	578,491,241
Investment in Associate Company	11	19,680,613	16,811,282
Property and Equipment – Net	12	62,401,516	49,252,367
Intangible Assets - Net	13	2,027,833	1,621,868
Deferred Tax Assets	20/b	865,071	794,147
Other Assets	14	40,198,947	34,340,340
Total Assets		1,793,206,868	1,750,223,699
Liabilities and Equity			
Liabilities:			
Banks and Financial Institutions' Deposits	15	435,805,812	417,890,724
Customers' Deposits	16	1,040,099,945	986,300,056
Borrowed Funds from the Central Bank of Jordan	17	-	37,500,000
Cash Margins	18	65,764,046	63,830,095
Sundry Provisions	19	1,720,199	1,575,889
Income Tax Provision	20/a	9,509,374	10,094,765
Other Liabilities	21	18,698,521	14,485,909
Total Liabilities		1,571,597,897	1,531,677,438
Equity:			
Equity Attributable to Bank's Shareholders			
Paid-Up Capital	22	150,000,000	150,000,000
Share Issuance Premium	23	1,418,000	1,418,000
Statutory Reserve	24	23,917,637	20,973,655
General Banking Risks Reserve	24	5,788,551	5,753,170
Foreign Currency Translation Adjustments	25	(754,742)	48,727
Fair Value Reserve – Net After Tax	26	(1,017,821)	(1,321,657)
Retained Earnings	27	20,747,416	20,366,480
Total Equity Attributable to the Bank's Shareholders		200,099,041	197,238,375
Non – Controlling Interest	29	21,509,930	21,307,886
Total Equity		221,608,971	218,546,261
Total Liabilities and Shareholders' Equity		1,793,206,868	1,750,223,699

THE ACCOMPANYING NOTES FROM (1) TO (50) CONSTITUTE AN INTEGRAL PART OF THESE STATEMENTS AND SHOULD BE READ WITH THEM.

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF INCOME

List (B)

	Notes	For the Year Ended December 31,	
		2015	2014
		JD	JD
Interest Income	30	83,140,906	74,453,514
Interest Expense	31	(31,137,149)	(28,769,046)
Net Interest Income		52,003,757	45,684,468
Commissions and Fees Income - Net	32	9,465,059	7,634,599
Net Interest and Commissions Income		61,468,816	53,319,067
Foreign Currencies Income	33	4,440,807	4,818,103
(Loss)/Gain from Financial Assets at Fair Value through Profit or Loss	34	(37,785)	30,786
Cash Dividends on Financial Assets at Fair Value through Comprehensive Income	35	367,233	397,581
Other Income	36	2,262,261	1,408,599
Total Income		68,501,332	59,974,136
Employees Expenses	37	16,106,060	12,848,355
Depreciation and Amortization	12 & 13	1,889,271	1,710,091
Other Expenses	38	12,470,450	10,455,188
Provision for Impairment of Direct Credit Facilities	9	4,750,000	1,675,100
Sundry Provisions	14 & 19	850,477	627,410
Total Expenses		36,066,258	27,316,144
Bank's Share from Gain of Investment in Associate Company	11	1,039,575	982,204
Profit Before Income Tax		33,474,649	33,640,196
Income Tax Expense	20/b	(10,289,619)	(9,276,824)
Profit for the Year		23,185,030	24,363,372
Attributable to :			
Bank's Shareholders		21,314,142	22,871,285
Non-Controlling Interest		1,870,888	1,492,087
		23,185,030	24,363,372
		JD/Fils	JD/Fils
Basic and Diluted Earnings per Share	39	0.142	0.172

THE ACCOMPANYING NOTES FROM (1) TO (50) CONSTITUTE AN INTEGRAL PART OF THESE STATEMENTS AND SHOULD BE READ WITH THEM.

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

List (C)

	For the Year Ended December 31,	
	2015	2014
	JD	JD
Profit for the Year	23,185,030	24,363,372
Comprehensive Income Items:		
Items that Will Not be Reclassified Subsequently to Profit or Loss:		
Cumulative Change in Fair Value - Net After Tax	122,025	(72,151)
Foreign Currency Translation Adjustment - Associate Company	(803,469)	(664,193)
Gain from Sale of Financial Assets through Comprehensive Income	51,211	12,272
Total Comprehensive Income for the Year	22,554,797	23,639,300
Total Comprehensive Income Attributable to:		
Bank's Shareholders	20,860,666	21,992,561
Non - Controlling Interest	1,694,131	1,646,739
	22,554,797	23,639,300

THE ACCOMPANYING NOTES FROM (1) TO (50) CONSTITUTE AN INTEGRAL PART OF THESE STATEMENTS AND SHOULD BE READ WITH THEM.

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMNET OF CHANGES IN SHAREHOLDERS' EQUITY

			Reserves
	Paid-Up Capital	Share Issuance Premium	Statutory Reserve
For the Year Ended December 31, 2015	JD	JD	JD
Balance - Beginning of the Year	150,000,000	1,418,000	20,973,655
Foreign Currency Translation Adjustments - Associate Company	-	-	-
Income for the Year	-	-	-
Gain from Sale of Financial Assets through Comprehensive Income	-	-	-
Cumulative Change in Fair Value - Net After Tax	-	-	-
Total Comprehensive Income	-	-	-
Dividends Paid *	-	-	-
Transfer to Statutory Reserves	-	-	2,943,982
General Banking Risks Reserve	-	-	-
Change in Non-Controlling Interest	-	-	-
Balance - End of the Year	150,000,000	1,418,000	23,917,637
For the Year Ended December 31, 2014			
Balance - Beginning of the Year	100,000,000	1,418,000	17,919,994
Foreign Currency Translation Adjustments - Associate Company	-	-	-
Income for the Year	-	-	-
Gain from Sale Financial Assets through Comprehensive Income	-	-	-
Cumulative Change in Fair Value - Net After Tax	-	-	-
Total Comprehensive Income	-	-	-
Capital Increase **	50,000,000	-	-
Dividends Paid	-	-	-
Amortization of Shares Issuance (Capital Increase) Cost	-	-	-
Transfer to Statutory Reserves	-	-	3,053,661
General Banking Risks Reserve	-	-	-
Change in Non-Controlling Interest	-	-	-
Balance - End of the Year	150,000,000	1,418,000	20,973,655

* According to the resolution of the Bank General Assembly held on March 26, 2015 it was approved to distribute 12% of the Bank's capital as cash dividends to the shareholders which is equal to JD 18 million.

** The Bank General Assembly resolved in its extraordinary meeting held on February 26, 2014 to increase the Bank paid-up capital from 100 million shares to become 150 million shares through issuance of 50 million shares through a private underwriting to the Bank's shareholders at a nominal value of JD 1 per share. The legal procedures have been completed on May 5, 2014.

List (D)

General Banking Risks Reserve***	Foreign Currency Translation adjustments	Fair Value Reserve - Net After Tax *****	Retained Earnings****	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
JD	JD	JD	JD	JD	JD	JD
5,753,170	48,727	(1,321,657)	20,366,480	197,238,375	21,307,886	218,546,261
-	(803,469)	-	-	(803,469)	-	(803,469)
-	-	-	21,314,142	21,314,142	1,870,888	23,185,030
-	-	5,054	46,157	51,211	-	51,211
-	-	298,782	-	298,782	(176,757)	122,025
-	(803,469)	303,836	21,360,299	20,860,666	1,694,131	22,554,797
-	-	-	(18,000,000)	(18,000,000)	-	(18,000,000)
-	-	-	(2,943,982)	-	-	-
35,381	-	-	(35,381)	-	-	-
-	-	-	-	-	(1,492,087)	(1,492,087)
5,788,551	(754,742)	(1,017,821)	20,747,416	200,099,041	21,509,930	221,608,971
2,689,548	712,920	(1,035,174)	16,840,711	138,545,999	20,968,783	159,514,782
-	(664,193)	-	-	(664,193)	-	(664,193)
-	-	-	22,871,285	22,871,285	1,492,087	24,363,372
-	-	(65,705)	71,952	6,247	6,025	12,272
-	-	(220,778)	-	(220,778)	148,627	(72,151)
-	(664,193)	(286,483)	22,943,237	21,992,561	1,646,739	23,639,300
-	-	-	-	50,000,000	-	50,000,000
-	-	-	(13,000,000)	(13,000,000)	-	(13,000,000)
-	-	-	(300,185)	(300,185)	-	(300,185)
-	-	-	(3,053,661)	-	-	-
3,063,622	-	-	(3,063,622)	-	-	-
-	-	-	-	-	(1,307,636)	(1,307,636)
5,753,170	48,727	(1,321,657)	20,366,480	197,238,375	21,307,886	218,546,261

In accordance to the instructions of the regulatory bodies

*** The general banking risk reserve cannot be utilized without prior approval from the Central Bank of Jordan.

**** Retained earnings include a restricted amount of JD 865,071 against deferred tax benefits as of December 31, 2015. This restricted amount cannot be utilized through capitalization or distribution unless actually realized, in accordance to the regulations of the Central Bank of Jordan.

***** The negative fair value reserve which amounts to JD 1,017,821 cannot be utilized through capitalization, distribution, amortization or any other way unless realized in accordance to the regulations of the Central Bank of Jordan.

THE ACCOMPANYING NOTES FROM (1) TO (50) CONSTITUTE AN INTEGRAL PART OF THESE STATEMENTS AND SHOULD BE READ WITH THEM.

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF CASH FLOWS

List (E)

	Notes	For the Year Ended December 31,	
		2015	2014
		JD	JD
Cash Flows From Operating Activities			
Profit Before Income Tax		33,474,649	33,640,196
Adjustments for:			
Depreciation and Amortization	12 & 13	1,889,271	1,710,091
Provision for Impairment of Direct Credit Facilities	9	4,750,000	1,675,100
Unrealized Loss on Financial Assets at Fair Value through Profit or Loss	34	9,813	502
Provision for End-of-Service Indemnity	19	489,477	299,658
Provision for Assets Seized by the Bank	14	326,000	-
Sundry Provisions	19	35,000	327,752
Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents	33	(304,057)	(535,360)
Bank's Share from (Gain) of Investment in Associate Company	11	(1,039,575)	(982,204)
Profit Before Changes in Assets and Liabilities		39,630,578	36,135,735
Changes in Assets and Liabilities:			
Decrease in Deposits with the Central Bank (Maturing Over 3 Months)		21,100,000	36,600,000
(Increase) in Deposits with Banks and Other Financial Institutions (Maturing Over 3 Months)		(2,096,619)	(7,314,075)
(Increase)/Decrease in Financial Assets at Fair Value through Profit or Loss		(32,262)	65,176
(Increase) in Direct Credit Facilities		(43,238,262)	(322,444,457)
(Increase) in Other Assets		(6,184,607)	(11,552,530)
Increase in Banks and Financial Institutions Deposits (maturing over 3 months)		53,085,000	10,635,000
Increase in Customers' Deposits		53,799,889	405,693,391
Increase in Cash Margins		1,933,951	26,510,721
Increase in Other Liabilities		5,614,829	5,034,410
Net Change in Assets and Liabilities		83,981,919	143,227,636
Net Cash Flows from Operating Activities Before Taxes and Other Provisions Paid		123,612,497	179,363,371
Provisions Paid	19	(380,167)	(355,405)
Income Tax Paid	20	(10,945,934)	(6,249,636)
Net Cash Flows from Operating Activities		112,286,396	172,758,330
Cash Flows From Investing Activities:			
Investment in Associate Company	11	(2,633,225)	(2,773,786)
Purchase Maturity of Financial Assets at Amortized Cost - Net		(10,071,846)	(139,543,896)
Sale/Purchase of Financial Assets at Fair Value through other Comprehensive Income - Net		470,016	(69,729)
Purchase of Property and Equipment		(14,496,579)	(15,916,681)
Sale of Property and Equipment		2	1,689,061
Purchase of Intangible Assets		(947,808)	(615,086)
Net Cash Flows Used in Investing Activities		(27,679,440)	(157,230,117)
Cash Flows From Financing Activities			
Increase in Capital		-	50,000,000
Decrease in Borrowed Funds from the Central Bank of Jordan		(37,500,000)	(58,700,000)
Shares Issuance (Capital Increase) Cost		-	(300,185)
Change in Non–Controlling Interest		(1,492,087)	(1,152,984)
Dividends Paid to Shareholders		(19,402,217)	(14,131,422)
Net Cash Flows Used in Financing Activities		(58,394,304)	(24,284,591)
Net Increase/Decrease in Cash and Cash Equivalents		26,212,652	(8,756,378)
Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents	33	304,057	535,360
Cash and Cash Equivalents - Beginning of the Year		(92,375,557)	(84,154,539)
Cash and Cash Equivalents - End of the Year	40	(65,858,848)	(92,375,557)

THE ACCOMPANYING NOTES FROM (1) TO (50) CONSTITUTE AN INTEGRAL PART OF THESE STATEMENTS AND SHOULD BE READ WITH THEM.

1. General

• The Arab Jordan Investment Bank is a public shareholding limited company with headquarters in Amman – Jordan. On January 1, 1978, it was registered according to the Companies Law and related subsequent amendments the last of which was amendment No. (22) for the year 1997. Moreover, the Bank's authorized and paid-up capital was increased gradually, the last of which was during the year 2014, to become JD 150 million at face value of JD 1 each.

• The Bank is engaged in commercial banking activities through its (32) branches and offices in Jordan and (1) branch in Cyprus and its subsidiaries in Jordan and Qatar (Arab Investment Bank - (Qatar) LLC and the United Arab Jordan Company for Investment and Financial Brokerage).

• On January 20, 2014, Arab Jordan Investment Bank signed an agreement with HSBC Bank Middle East Limited for the acquisition of HSBC's banking operations in Jordan, after obtaining the approval from the Central Bank of Jordan.

The acquisition included the purchase of HSBC-Jordan; (4) branches with total assets of about JD 526 million as of June 19, 2014. The agreement also included the transfer of HSBC's liabilities to Arab Jordan Investment Bank.

For the acquisition procedure purposes, the Bank's General Assembly resolved in its extraordinary meeting, held on February 26, 2014, to increase the Bank's paid-up capital from 100 million shares to 150 million shares through the issuance of 50 million shares through a private underwriting to the Bank's shareholders at a nominal value of JD 1 per share. The capital increase procedures has been completed on May 5, 2014.

• The Bank's shares are listed and traded in the Amman Stock Exchange.

• The consolidated financial statements have been approved by the Board of Directors in its meeting held on January 27, 2016 and are subject to the approval of the General Assembly of Shareholders.

2. Significant Accounting Policies

Basis of Preparation

• The accompanying consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with the standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee stemming from the International Accounting Standards Board 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 for financial assets at fair value through profit and loss and financial assets at fair value through comprehensive income and financial derivatives which have been measured at fair value at the date of the consolidated financial statements. Moreover, hedged assets and liabilities are stated at fair value.

• The consolidated financial statements are presented in Jordanian Dinar (JD), which is the functional currency of the Bank.

Changes in Accounting Policies

• The accounting policies for the current year are consistent with those adopted in the year ended December 31, 2014, except for the effect of adoption of the new and modified standards as in note (50-A) below.

Basis of Consolidation

• The consolidated financial statements incorporate the financial statements of the Bank and the subsidiaries controlled by it and under its control. Control is achieved whereby the Bank has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from its activities. All intra-group transactions, balances, income, and expenses are eliminated in full.

• The financial statements of the subsidiaries are prepared for the same financial year of the Bank using the same accounting policies adopted by the Bank. If the accounting policies adopted by the Company are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiaries are made to comply with the accounting policies used by the Bank.

• As of December 31, 2015, the Bank owns the following subsidiaries:

Company's Name	Ownership Percentage	Headquarter	Company's Paid-Up Capital JD	Date of Incorporated	Company's Objectives
United Arab Jordan Company for Investment and Financial Brokerage	100%	Amman-Jordan	2,500,000	5 February 2002	Financial Brokerage
Arab Jordan Invest Bank / Qatar	50% and two shares	Doha-Qatar	35,450,000	5 January 2005	Bank Activity

The following are the most significant financial information for the subsidiary companies:

	United Arab Jordan Company for Investment and Financial Brokerage*		Arab Jordan Invest Bank / Qatar	
	December 31,		December 31,	
	2015	2014	2015	2014
	JD	JD	JD	JD
Total Assets	3,345,168	3,325,195	257,844,179	250,715,135
Total Liabilities	407,493	492,321	214,983,802	208,303,785
Equity	2,937,675	2,832,874	42,860,377	42,411,350
	For the Year Ended December 31,		For the Year Ended December 31,	
	2015	2014	2015	2014
	JD	JD	JD	JD
Total Revenue	788,489	949,489	8,854,515	7,410,310
Total Expenses	756,010	1,021,811	5,215,977	4,574,310

* United Arab Jordan Company for Investment and Financial Brokerage owns 55% of Arab Advisors Company (Private Shareholding Company) as of December 31, 2015 and 2014, the main objectives of the company are preparation of studies, research and feasibility studies, and the following are the most significant financial information:

	Arab Advisors Company	
	December 31,	
	2015	2014
	JD	JD
Total Assets	375,005	465,663
Total Liabilities	197,798	248,007
Equity	177,207	217,656
	For the Year Ended December 31,	
	2015	2014
	JD	JD
Total Revenue	664,824	765,500
Total Expenses	550,117	611,344

• The results of the subsidiaries are incorporated into the consolidated statement of income from the effective date of acquisition which is the date on which actual control over the subsidiaries is assumed by the Bank. Moreover, the operating results of the disposed subsidiaries are incorporated into the consolidated statement of income up to the effective date of disposal which is the date on which the Bank loses control over the subsidiaries.

• Non-controlling interest represents the portion of the shareholders' equity in the subsidiary companies not owned by the Bank.

Segmental Information

• The business represents a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments. They are measured according to the reports used by the General Manager and the main decision maker of the Bank.

• Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic 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.

• A provision for the impairment in direct credit facilities is recognized in the consolidated statement of income when the Bank cannot obviously recover its overdue amounts, and when there is an objective evidence that the future cash flows of the direct credit facilities have been negatively impacted by an event, and the impairment loss can be estimated and recorded in the consolidated statement of income.

• Interest and commission earned on non-performing granted credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the regulatory authorities whichever is more conservative in countries where the Bank has its branches or subsidiaries.

• When direct credit facilities are uncollectible, they are written off against the provision account. Any surplus in the provision is reversed through the consolidated statement of income. Subsequent recoveries of amounts previously written off are credited to revenue.

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

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

- Analysis of the present value of expected future cash flows for similar instruments.

- Adoption of the option pricing models.

- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim at providing a fair value reflecting the expectations of the market, expected risks and expected benefits. Financial assets, the fair value of which cannot be reliably measured, are stated at cost less any impairment.

Investments in Associates
Associates are companies whereby the Bank exercises effective influence over their decisions related to financial and operational policies, with the Bank owning from 20% to 50% of the voting rights. Investments in associates are stated according to the equity method.

Revenues and expenses resulting from transactions between the Bank and associate companies are eliminated according to the Bank's ownership percentage in these companies.

Financial Assets at Amortized Cost
- Are the assets that the Bank's management intends to hold for the purpose of collecting the contractual cash flows, which represents the cash flows that are solely payments of principal, and interest on the outstanding principal.

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

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

- It is not allowed to reclassify any financial assets from / to this category except for certain cases that are specified by the International Financial Reporting Standards (and if in any cases these assets are sold before the maturity date, the result of sale will be recorded in the consolidated statement of income in an separated disclosure and note about it according to the International Financial Reporting Standards in specific).

Financial Assets at Fair Value through Profit or Loss

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

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

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

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

Financial Assets at Fair Value through Comprehensive Income

• These financial assets represents the investments in equity instruments held for the long term.

• These financial assets are recognized at fair value plus transaction costs at purchase date subsequently, they are measured at fair value in the consolidated statement of comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the consolidated statement of comprehensive income and within owner's equity, and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the consolidated statement of income.

• No impairment testing is required for these assets.

• Dividends are recorded in the consolidated statement of income.

Impairment in Financial Assets

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

Impairment is determined as follows:

• The impairment in the financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.

• The impairment in the financial assets at cost is determined by the difference between book value and the present value of the expected future cash flows discounted in effective market price on any other similar financial assets.

• Impairment is recorded in the consolidated statement of income, as does any surplus which occurs in subsequent years, that is due to an earlier impairment of the financial assets in the consolidated statement of income.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value. Moreover, Property and Equipment (except for land) are depreciated according to the straight-line method over the estimated useful lives, when ready for use, of these assets using the following annual rates:

	%
Buildings	2
Equipment, furniture and fixtures	9 - 15
Vehicles	20
Computer	12 - 15
Others	2 - 12

• When the carrying amounts of Property and Equipment exceed their recoverable values, assets are written down, and impairment losses are recorded in the consolidated statement of income.

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

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

Provisions

Provisions are recognized when the Bank has an obligation on the date of the consolidated financial statement arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

Provision for Employees' End-of-Service Indemnity

The required provision for end-of-service indemnity for the year is recorded in the consolidated statement of income while payments to departing employees are deducted from the provision amount. Indemnities paid in excess of the provision is taken to the consolidated statement of income upon payment while the required provision for end-of-service indemnities for the year is recorded in the consolidated statement of income.

Income Tax

• Income tax expenses represent accrued taxes and deferred taxes.

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

• Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions of the countries where the Bank operates.

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

• Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise from payment or the elimination of the need for deferred tax liabilities, partially or totally.

Capital

Capital Cost of Issuing or Buying the Bank's Shares

Cost arising from the issuance or purchase of the Bank's shares are charged to retained earnings (net of the tax effect of these costs if any). If the shares issuance or purchase process is incomplete, these costs are recorded as expenses in the consolidated statement of income.

Accounts Managed on Behalf of Customers

These represent the accounts managed by the Bank on behalf of its customers, but do not represent part of the Bank's assets. The fees and commissions on such accounts are shown in the consolidated statement of Income. A provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

Offsetting

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

Realization of Income and Recognition of Expenses

• Interest income is realized by using the effective interest method except for interest and commissions from non-performing credit facilities, which have not been recognized as income and registered in interest and commissions in suspense.

• Expenses are recognized according to the accrual basis.

• Commission is recorded as revenue when the related services are provided. Moreover, dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

Recognition of Financial Assets Date

• Purchases and sales of financial assets are recognized on the trading date (which is the date on which the Bank commits itself to purchase or sell the asset).

Hedge Accounting and Financial Derivatives

Financial Derivatives for Hedging:

For the purpose of hedge accounting, the financial derivatives appear at fair value.

• Fair Value Hedges:

A fair value hedge is a hedge against the exposure to changes in the fair value of the Bank's recognized assets or liabilities. When the conditions of an effective fair value hedge are met, the resulting gains and losses from the valuation of the fair value hedge and the change in the fair value of the hedged assets or liabilities is recognized in the consolidated statement of income.

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

• Cash Flow Hedges:
Hedge for the change in the current and expected cash flows exposures of the Bank's assets and liabilities.

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

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

• Profit or loss resulting from the foreign exchange of interest-bearing debt instruments and within financial assets at fair value through other comprehensive income is included in the consolidated statement of income. Differences in the foreign currency translation of equity instruments are included in the cumulative change in fair value reserve within owner's equity in the consolidated statement of financial position.

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 consolidated financial statements due to the Bank's continuing exposure to the risks and rewards of these assets using the same accounting policies. (The buyer has the right to control such assets (by sale or pledge as collateral) which are reclassified as financial assets pledged as collateral). The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and 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 since the Bank is not able to control these assets, and since any risks and benefits do not accrue to the Bank when they occur. The related payments are recognized as part of deposits at banks and financial institutions or direct credit facilities as applicable. Moreover, the difference between the purchase and resale price is recognized in the consolidated statement of income over the agreement term using the effective interest method.

Assets Seized by the Bank against Due Debts
Assets that have been the subject of foreclosure by the Bank are shown under "other assets" at the acquisition value or fair value, whichever is lower. As of the consolidated statement of financial position date, these assets are revalued individually at fair value. Any decline in their market value is taken to the consolidated statement of income as a loss whereas any such increase is not recognized. Subsequent increase is taken to the income statement to the extent it does not exceed the previously recorded impairment.

Intangible Assets
A. Goodwill
• Goodwill is recognized at cost and represents the excess of the acquisition costs or investment costs in an affiliate or a subsidiary over the net assets fair value of the affiliate or subsidiary as of the acquisition date. Goodwill arises from the investment in the subsidiary recognized as a separate item in intangible assets. Later on, goodwill will be reviewed and reduced by any impairment amount.

• Goodwill is allocated to cash generating unit(s) to test impairments in its value.

• Impairment testing is done on the date of the consolidated financial statements. Goodwill is reduced if the test indicates that there is impairment in its value, and that the estimated recoverable value of the cash generating unit(s) relating to goodwill is less than the book value of the cash generating unit(s). Impairment is recognized in the consolidated statement of income.

B. Other Intangible Assets

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

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

• No capitalization of intangible assets resulting from the Banks' operations is made. They are rather recorded as an expense in the consolidated statement of income in the same year.

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

• The intangible assets appears of cost after deducting the annual amortization. These assets were amortized by using the straight-line method on the useful life using a percentage of 25% annually.

Foreign Currencies

• Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transactions. Moreover, financial assets and financial liabilities are translated to Jordanian Dinar based on the average exchange rates declared by the Central Bank of Jordan on the date of the consolidated financial statements.

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

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

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

• When consolidating the financial statements, assets and liabilities of the branches and subsidiaries abroad are translated from the primary currency to the currency used in the financial statements using the average exchange rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan. Revenue and expense items are translated using the average exchange rates during the year, and exchange differences are shown in a separate item within the consolidated statement of other comprehensive income equity. In case of selling one of the subsidiaries or branches, the related amount of exchange difference is booked in revenues / expenses in the consolidated statement of income.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with central banks and balances with banks and financial institutions maturing within three months, less balances due to banks and financial institutions maturing within three months and restricted funds.

3. Accounting Estimates

Management, through applying the accounting policies, uses assumptions and estimates with material impacts on the recognition of the balances recorded in the consolidated financial statements. Which the management believes is sufficient the details are as follows:

• A provision for credit facilities is taken on the bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs). The outcome of these bases and estimates is compared against the adequacy of the provisions as per the instructions of the central banks where the Bank branches operate. The strictest outcome that conforms with (IFRSs) is used for the purpose of determining the provision.

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

• Management frequently reviews the financial assets stated at cost to estimate any impairment in their value. Impairment loss (if any) is taken to the consolidated statement of income.

• A provision for lawsuits raised against the Bank (if there is any need) is taken. This provision is based on a legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.

• A provision for income tax is taken on the current year's profit and for accrued and assessed tax for the prior year in case of differences exceeding the provision due to not reaching a final settlement with the tax authorities for that year.

Fair Value Hierarchy

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

In the opinion of the Bank's management, the accounting estimates used within the consolidated financial statements are reasonable.

4. Cash and balances at the Central Bank of Jordan

This item consists of the following:

	December 31,	
	2015	2014
	JD	JD
Cash in Vaults	16,394,384	15,340,573
Balances at Central Bank of Jordan:		
Statutory Cash Reserve	63,707,133	56,222,296
Certificates of Deposit *	19,900,000	66,600,000
Total	100,001,517	138,162,869

• Except for the statutory cash reserve, there are no restricted balances at the Central Bank of Jordan as of December 31, 2015 and 2014.

* This balance doesn't include certificates of deposit maturing within a period exceeding three months as of December 31, 2015, (JD 21,100,000 as of December 31, 2014).

5. Balances at Banks and Financial Institutions

This item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD
Current and Call Accounts	136,430	193,770	49,463,246	33,368,078	49,599,676	33,561,848
Deposits Maturing within 3 Months	65,504,897	72,260,269	91,120,874	91,995,181	156,625,771	164,255,450
	65,641,327	72,454,039	140,584,120	125,363,259	206,225,447	197,817,298

• Non-interest bearing balances at banks, and financial institutions, amounted to JD 49,599,676 as of December 31, 2015 (JD 33,186,670 as of December 31, 2014).

• There are no restricted balances at banks and financial institutions as of December 31, 2015 and 2014.

6. Deposits at Banks and Financial Institutions

This item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD
Deposits Maturing within 6 Months	-	10,635,000	6,664,144	4,376,518	6,664,144	15,011,518
Deposits Maturing within 6 to 9 Months	-	-	2,099,362	2,180,808	2,099,362	2,180,808
Deposits Maturing within 9 Months to 1 Year	-	-	2,748,077	2,732,838	2,748,077	2,732,838
Deposits Maturing in More Than 1 Year	-	-	10,510,200	-	10,510,200	-
	-	10,635,000	22,021,783	9,290,164	22,021,783	19,925,164

• There are no restricted deposits at banks and financial institutions as of December 31, 2015 and 2014.

7. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	December 31,	
	2015	2014
	JD	JD
Listed Stocks in Active Markets	65,647	43,198
Total	65,647	43,198

8. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31,	
	2015	2014
	JD	JD
Listed Stocks in Active Markets	13,274,020	12,972,424
Unlisted Stocks in Active Markets *	1,308,917	1,907,293
Total	14,582,937	14,879,717

* The Bank's share, for some of the companies that have been invested in were calculated according to their latest unaudited financial statements for the year ended December 31, 2010, 2013 and 2014. In the opinion of the Bank's management, there are no impairments on these investments.

• The cash dividends on the investments above amounted to JD 367,233 for the year ended December 31, 2015 (JD 397,581 for the year ended December 31, 2014).

9. Direct Credit Facilities – Net

This item consists of the following:

	December 31,	
	2015	2014
	JD	JD
Individual (Retail):		
Loans	94,935,969	75,127,918
Credit cards	12,277,638	12,176,385
Real-Estate Loans	102,662,140	127,989,880
Large companies		
Loans *	198,546,888	101,327,308
Overdraft Accounts	63,336,427	21,556,535
Small and Medium Companies		
Loans *	36,039,254	150,450,364
Overdraft Accounts	9,351,421	61,353,214
Government & Public Sector	230,206,761	163,704,207
Total	747,356,498	713,685,811
Deduct: Provision for Impairment of Direct Credit Facilities	(9,130,372)	(13,018,059)
Deduct: Suspended Interest	(1,653,656)	(2,583,544)
Net Credit Facilities	736,572,470	698,084,208

* Net after deducting interests and commission received in advance.

• Non-performing credit facilities amounted to JD 15,908,123 representing 2.13% of direct credit facilities balance as of December 31, 2015 (JD 22,037,287 representing 3.09% of the granting balance for the previous year).

• Non-performing credit facilities net of interest in suspense amounted to JD 14,509,141, representing 1.94% of direct credit facilities balance net of interest in suspense (JD 20,167,897, representing 2.83% for the previous year).

• Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 201,289,168 representing 26.93% of total direct credit facilities (JD 136,420,749 representing 19.1% for the previous year).

• During the year 2015, the credit facilities portfolio has been reclassified to be in line with the nature of the granted facilities and in accordance with the requirements of the Central Bank of Jordan. However, comparative figures have not been reclassified due to the impracticality of the adjustment retroactively.

Provision for Impairment of Direct Credit Facilities:
The following is the movement on the provision for impairment of direct credit facilities:

	Individual	Real-Estate Loans	Large Companies	Small and Medium Companies	Total
For the Year Ended December 31, 2015	JD	JD	JD	JD	JD
Balance – Beginning of the Year	5,417,683	1,392,898	1,064,000	5,143,478	13,018,059
Provision for the Year Taken from Revenues	1,421,017	1,073,340	-	2,255,643	4,750,000
Used During the Year (Written–Off)	-	-	-	(304,268)	(304,268)
Transfer to Off-Statement of Financial Position Accounts *	(4,163,480)	(1,112,518)	-	(3,057,421)	(8,333,419)
Balance – End of the Year	2,675,220	1,353,720	1,064,000	4,037,432	9,130,372
Provision on a Single Client Basis	2,584,959	1,265,217	1,064,000	3,372,886	8,287,062
Provision on a Portfolio Basis for Watch-List Debts	90,261	88,503	-	664,546	843,310
	2,675,220	1,353,720	1,064,000	4,037,432	9,130,372
	Individual	Real-Estate Loans	Large Companies	Small and Medium Companies	Total
For the Year Ended December 31, 2014	JD	JD	JD	JD	JD
Balance – Beginning of the Year	1,247,507	1,679,457	-	2,595,975	5,522,939
Provision for the Year Taken from Revenues	611,100	-	1,064,000	-	1,675,100
Used During the Year (Written–Off)	(388)	-	-	(258,385)	(258,773)
Transfer to Off-Statement of Financial Position Accounts *	(2,104,159)	(1,582,705)	-	(39,721,526)	(43,408,390)
Transfer from Off-Statement of Financial Position Accounts	-	-	-	304,268	304,268
Add: Transfers **	5,663,623	1,296,146	-	42,223,146	49,182,915
Balance – End of the Year	5,417,683	1,392,898	1,064,000	5,143,478	13,018,059
Provision on a Single Client Basis	5,245,111	1,307,748	1,064,000	4,486,132	12,102,991
Provision on a Portfolio Basis for Watch-List Debts	172,572	85,150	-	657,346	915,068
	5,417,683	1,392,898	1,064,000	5,143,478	13,018,059

* There are direct credit facilities with a balance of JD 79,728,622 and interest in suspense of JD 13,475,516 with a provision of JD 64,838,479 and cash margins of JD 1,414,627 as of December 31, 2015 that have been recorded within off - statement of financial position account as per the board of directors decision, as these credit facilities are fully covered as of the date of the consolidated financial statements.

** Transfer amount represents balances transferred from HSBC Middle East - Jordan due to the acquisition.

The provisions no longer needed due to settlements or repayments and transferred against other debts amounted to JD 1,605,432 as of December 31, 2015 (JD 1,001,132 as of December 31, 2014).

Interest In Suspense:
The following is the movement on the Interest in Suspense:

	Individual	Real-Estate Loans	Large Companies	Small and Medium Companies	Total
For the Year Ended December 31, 2015	JD	JD	JD	JD	JD
Balance – Beginning of the Year	1,592,317	809,428	-	181,799	2,583,544
Add: Interest Suspended During the Year	1,514,363	669,371	-	696,967	2,880,701
Less: Interest in Suspense Reversed to Revenues	(415,080)	(469,390)	-	(50,620)	(935,090)
Less: Interest in Suspense Transferred to Off-Statement of Financial Position Accounts	(2,466,255)	(380,229)	-	(8,460)	(2,854,944)
Less: Interest in Suspense Written-Off	-	-	-	(20,555)	(20,555)
Balance - End of the Year	225,345	629,180	-	799,131	1,653,656
	Individual	Real-Estate Loans	Large Companies	Small and Medium Companies	Total
For the Year Ended December 31, 2014	JD	JD	JD	JD	JD
Balance – Beginning of the Year	320,395	185,445	-	329,125	834,965
Add: Interest Suspended During the Year	775,395	534,246	-	1,052,068	2,361,709
Less: Interest in Suspense Reversed to Revenues	(203,955)	(138,341)	-	(53,749)	(396,045)
Less: Interest in Suspense Transferred to Off - Statement of Financial Position Accounts	(413,485)	(192,269)	-	(14,842,906)	(15,448,660)
Less: Interest in Suspense Written-Off	-	-	-	(118,666)	(118,666)
Interest in Suspense Transferred from Off-Statement of Financial Position Accounts	-	-	-	13,447	13,447
Add: Transfers*	1,113,967	420,347	-	13,802,480	15,336,794
Balance - End of the Year	1,592,317	809,428	-	181,799	2,583,544

* Transfer amount represents balances transferred due to the acquisition of HSBC Middle East - Jordan.

10. Financial Assets at Amortized Cost
This item consists of the following:

	December 31,	
	2015	2014
	JD	JD
Financial Assets with Market Price:		
Treasury Bills	534,249,022	529,373,209
Treasury Bonds Guaranteed by the Government	4,983,462	5,857,197
Companies Bonds	49,330,603	43,260,835
Total Financial Assets with Market Price	588,563,087	578,491,241

- **Bonds Analysis**

	December 31,	
	2015	2014
Bonds Analysis:	JD	JD
Financial Assets at Fixed Rate of Return	588,430,149	578,181,053
Financial Assets at Variable Rate of Return	132,938	310,188
Total	588,563,087	578,491,241

11. Investment in Associate Company

The following is the movement on the investment in the associate company:

	For the Year Ended December 31,	
	2015	2014
	JD	JD
Balance at the beginning of the year	16,811,282	13,719,485
Additions	2,633,225	2,773,786
The Bank's Share in the Associate Company's Gain	1,039,575	982,204
Foreign Currency Translation Adjustment	(803,469)	(664,193)
Balance at the End of the Year	19,680,613	16,811,282

- On September 22, 2010, it was agreed with the Central Bank of Jordan that the Arab Jordan Investment Bank would buy a portion of the shares of Jordanian banks investing in the Jordan International Bank / London. Moreover, the Bank has bought additional shares during the year 2010 so as for its share to reach 22.86%. Moreover, in April 2013, the Bank increased its share percentage by buying more shares, reaching a 25% share percentage.

- During December 2014, Jordan International Bank / London increased its capital by GBP 10,000,000 where the Bank's share amounted to GBP 2,500,000 (equivalent to JD 2,773,786 at that time).

- During April 2015, Jordan International Bank / London increased its capital by GBP 10,000,000 where the Bank's share amounted to GBP 2,500,000 (equivalent to JD 2,633,225 at that time).

- The Bank's right to vote on the General Assembly's decisions regarding this investment is based on the ownership percentage in the investment.

The Bank's share in the associate company's assets, liabilities, and revenues is as follows:

	December 31,	
	2015	2014
	JD	JD
Total Assets	408,839,423	379,523,723
Total Liabilities	330,116,971	312,278,595
Net Assets	78,722,452	67,245,128
The Bank's Share in Net Assets	19,680,613	16,811,282
Net Income for the Year	4,158,300	3,928,816
The Bank's Share in Net Income for the Year	1,039,575	982,204

The Bank's share of 25% in the assets, liabilities and net profit of Jordan International Bank / London has been calculated for the year 2015 (as shown above) according to the latest unaudited financial statements available on December 31, 2015.

12. Property and Equipment - Net

This item consists of the following:

	Land	Buildings	Equipment Furniture & Fixtures	Vehicles	Computers	Others	Total
For the Year-Ended December 31, 2015	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance – Beginning of the Year	11,140,351	5,142,715	9,372,690	1,126,679	2,608,985	4,954,538	34,345,958
Additions	6,758,000	7,731	620,117	353,415	236,047	290,683	8,265,993
Disposals	-	-	-	(48,001)	-	-	(48,001)
Balance – End of the Year	17,898,351	5,150,446	9,992,807	1,432,093	2,845,032	5,245,221	42,563,950
Accumulated Depreciation :							
Balance – Beginning of the Year	-	986,105	6,242,327	826,967	1,590,832	2,799,228	12,445,459
Depreciation for the Year	-	133,775	469,426	148,696	233,291	362,240	1,347,428
Disposals	-	-	-	(47,999)	-	-	(47,999)
Balance – End of the Year	-	1,119,880	6,711,753	927,664	1,824,123	3,161,468	13,744,888
Net Book Value of Property and Equipment	17,898,351	4,030,566	3,281,054	504,429	1,020,909	2,083,753	28,819,062
Payments on Acquisition of Property and Equipment	-	33,124,242	20,092	-	431,840	6,280	33,582,454
Net Property and Equipment at the End of the Year	17,898,351	37,154,808	3,301,146	504,429	1,452,749	2,090,033	62,401,516
For the Year-Ended December 31, 2014							
Cost:							
Balance – Beginning of the Year	5,948,126	3,708,398	3,973,739	942,045	2,056,015	3,614,489	20,242,812
Additions	-	-	517,242	-	388,592	314,038	1,219,872
Disposals	-	(1,373,458)	(355,170)	(1)	(513,167)	(375,461)	(2,617,257)
Transfer from HSBC*	5,192,225	2,807,775	5,236,879	184,635	677,545	1,401,472	15,500,531
Balance – End of the Year	11,140,351	5,142,715	9,372,690	1,126,679	2,608,985	4,954,538	34,345,958
Accumulated Depreciation :							
Balance – Beginning of the Year	-	303,124	1,457,213	481,704	1,243,688	1,513,608	4,999,337
Depreciation for the Year	-	108,964	377,589	172,103	223,058	332,163	1,213,877
Disposals	-	(38,729)	(223,275)	-	(513,167)	(153,025)	(928,196)
Transfer from HSBC*	-	612,746	4,630,800	173,160	637,253	1,106,482	7,160,441
Balance – End of the year	-	986,105	6,242,327	826,967	1,590,832	2,799,228	12,445,459
Net Book Value of Property and Equipment	11,140,351	4,156,610	3,130,363	299,712	1,018,153	2,155,310	21,900,499
Payments on Acquisition of Property and Equipment	-	26,327,838	31,137	-	992,893	-	27,351,868
Net Property and Equipment at the End of the Year	11,140,351	30,484,448	3,161,500	299,712	2,011,046	2,155,310	49,252,367

* Transfers mainly include building and land of HSBC Middle East - Jordan 5th Circle branch which were revalued on August 20, 2014, the revaluation result amounted to JD 4,341,746 was booked as other revenues.

- Fully depreciated property and equipment amounted to JD 7,763,416 as of December 31, 2015 (JD 5,944,950 as of December 31, 2014).

13. Intangible Assets - Net

This item consists of the following:

	For the Year Ended December 31, 2015			For the Year Ended December 31, 2014		
	Goodwill *	Computer's Software	Total	Goodwill *	Computer's Software	Total
	JD	JD	JD	JD	JD	JD
Balance-Beginning of the Year	608,666	1,013,202	1,621,868	608,666	894,330	1,502,996
Additions	-	947,808	947,808	-	611,059	611,059
Transfers from HSBC Bank	-	-	-	-	4,027	4,027
Amortization for the Year	-	(541,843)	(541,843)	-	(496,214)	(496,214)
Balance-End of the Year	608,666	1,419,167	2,027,833	608,666	1,013,202	1,621,868

* The goodwill balance recorded above represents the difference between the amount paid by United Arab Jordan Company for Investment and Financial Brokerage (a wholly owned subsidiary) for the acquisition of 55% of Arab Advisors Company shares and the net fair value of its assets at the date of acquisition. However, there is no impairment in its value.

14. Other Assets

This item consists of the following:

	December 31,	
	2015	2014
	JD	JD
Earned Interest Income	19,150,305	19,374,067
Prepaid Expenses	1,947,334	1,598,458
Assets Seized by the Bank *	17,078,727	10,963,666
Stationery and Printing	276,418	279,770
Refundable Deposits	478,933	478,792
Accounts Receivables (Subsidiary Companies)	79,383	103,173
Others	1,187,847	1,542,414
Total	40,198,947	34,340,340

* The following is the movement on the assets seized by the Bank:

	For the Year Ended December 31,	
	2015	2014
	JD	JD
Balance-Beginning of the Year	10,963,666	5,394,374
Transfers**	-	4,899,295
Additions	6,589,666	984,128
Disposals	(148,605)	(314,131)
Provision for Assets Seized by the Bank ***	(326,000)	-
Balance-End of the Year	17,078,727	10,963,666

** This item represents the value of the seized assets transferred from HSBC Middle East - Jordan as a result of the acquisition.

*** According to Central Bank of Jordan's Law, buildings and plots of land that were foreclosed by the Bank against debts due from clients should be sold within two years from the foreclosure date. However, this period could be extended for two more years. In accordance with the Central Bank of Jordan's circulating number 10/1/4076 dated on March 27, 2014. The Bank has recorded a provision for assets seized against debts that have been sized for more than four years as of December 31, 2015.

15. Banks and Financial Institutions' Deposits

This item consists of the following:

	December 31,					
	2015			2014		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current Accounts and Demand Deposits	30,381	2,466,168	2,496,549	22,546	4,166,466	4,189,012
Time Deposits Due within 3 Months	193,477,000	176,112,263	369,589,263	200,573,259	202,493,453	403,066,712
Time Deposits Due within 3 to 6 Months	-	63,720,000	63,720,000	-	10,635,000	10,635,000
Total	193,507,381	242,298,431	435,805,812	200,595,805	217,294,919	417,890,724

16. Customers' Deposits

This item consists of the following:

December 31, 2015	Individual	Large Companies	Small and Medium Companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current Accounts and Demand Deposits	73,513,932	97,818,970	45,759,727	13,651,496	230,744,125
Saving Accounts	78,184,123	112,074,037	2,669,775	14,209	192,942,144
Time and Notice Deposits	316,617,068	195,001,179	16,514,688	88,280,741	616,413,676
Total	468,315,123	404,894,186	64,944,190	101,946,446	1,040,099,945
December 31, 2014	Individual	Large Companies	Small and Medium Companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current Accounts and Demand Deposits	95,510,304	117,284,662	21,044,643	40,773,306	274,612,915
Saving Accounts	88,383,983	123,777,899	2,333,647	100,849	214,596,378
Time and Notice Deposits	278,904,863	183,206,390	10,622,848	24,356,662	497,090,763
Total	462,799,150	424,268,951	34,001,138	65,230,817	986,300,056

- Deposits of the government and the general public sector inside the Kingdom of Jordan amounted to JD 66,496,446 and the government deposits outside the Kingdom of Jordan JD 35,450,000 equivalent to 9.80% from the total deposits (JD 65,230,817 equivalent to 6.61% for the previous year).

- Non-interest bearing deposits amounted to JD 221,068,941, equivalent to 21.25% of total deposits (JD 236,800,117, equivalent to 24% for the previous year).

- Restricted deposits amounted to JD 6,478,660 equivalent to 0.62% of total deposits of which JD 167,258 is at Cyprus Branch and JD 6,311,402 at Jordan Branches (JD 16,979,658 equivalent to 1.72% for the previous year of which JD 6,371,047 is at Cyprus Branch and JD 10,608,611 at Jordan Branches).

- Dormant deposits amounted to JD 936,620 as of December 31, 2015 (JD 6,299,291 for the previous year).

17. Borrowed Funds from the Central Bank of Jordan

This item represents a repurchase agreement between the Central Bank of Jordan and Arab Jordan Investment Bank; through which the transfer of ownership of treasury bonds and treasury bills occurred, from Arab Jordan Investment Bank's portfolio to the portfolio of Central Bank of Jordan, with a pledge to buy back these treasury bonds and treasury bills, as stated in the agreement, on the maturity date of the agreement, noting that this agreement has been matured on June 29, 2015. However the average interest rate during the period was 2.75%.

The following are the details of the borrowed funds from the Central Bank as of December 31, 2014.

Amount	Maturity Date	Guarantees	Interest rate
JD			
12,500,000	January 4, 2015	Bonds and Treasury Bills	3%
12,500,000	January 5, 2015	Bonds and Treasury Bills	3%
12,500,000	January 7, 2015	Bonds and Treasury Bills	3%
37,500,000			

18. Cash Margins

This item consists of the following:

	December 31,	
	2015	2014
	JD	JD
Cash Margins Against Direct Credit Facilities	50,742,451	49,275,875
Cash Margins Against Indirect Credit Facilities	15,021,595	14,554,220
Total	65,764,046	63,830,095

19. Sundry Provisions

This item consists of the following:

	For the Year Ended December 31, 2015			
	Beginning Balance	Provided During the Year	Used During the Year	Ending Balance
	JD	JD	JD	JD
Provision for End-of-Service Indemnity	1,243,889	489,477	(220,167)	1,513,199
Other Provisions	332,000	35,000	(160,000)	207,000
Total	1,575,889	524,477	(380,167)	1,720,199
	For the Year Ended December 31, 2014			
	Beginning Balance	Provided During the Year	Used During the Year	Ending Balance
	JD	JD	JD	JD
Provision for End-of-Service Indemnity	1,103,214	299,658	(158,983)	1,243,889
Other Provisions	200,670	327,752	(196,422)	332,000
Total	1,303,884	627,410	(355,405)	1,575,889

20. Income Tax

A- Income Tax Provision

The movement on the income tax provision is as follows:

	For the Year Ended December 31,	
	2015	2014
	JD	JD
Balance – Beginning of the Year	10,094,765	6,929,223
Income Tax Paid	(10,945,934)	(6,249,636)
Accrued Income Tax Expense	10,360,543	9,415,178
Balance – End of the Year	9,509,374	10,094,765

B - Income Tax in the Statement of Income represents the following:

	2015	2014
	JD	JD
Accrued Income Tax Expense for the Year	10,360,543	9,415,178
Amortization of Deferred Tax Assets for the Adjustment of Tax Rate	-	(113,449)
Amortization of Deferred Tax Assets	(70,924)	(24,905)
Total	10,289,619	9,276,824

C - Tax Situation

• The Bank reached a final settlement with the Income and Sales Tax Department for all previous years up to 2014 except for the year 2013, and paid the taxes declared up to the year 2014, and there are no accrued balances due to the department.

• For the fiscal year 2013: The Bank filed its tax returns form on time and paid the taxes declared in the tax return. The Income and Sales Tax Department have reconsidered the file for the fiscal year of 2013 after being previously accepted, and the Bank have objected on the decision and appealed the case in court.

• A final settlement has been reached with the Income Tax Department for the Bank's subsidiary; Arab Jordan Investment Bank – Qatar, and Cyprus' Branch until the year 2014. United Arab Jordan Company for Investment and Financial Brokerage (a subsidiary) has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2010. In addition, the company has already submitted its tax returns for the years 2011, 2012, 2013 and 2014 but they have not been audited by the Income Tax and Sales Department yet.

• The Bank has booked a provision against any expected tax liabilities for the declared years, which includes the above-mentioned years. In the opinion of the Bank's management, and its tax consultant, the income tax provision booked in the consolidated financial statement is sufficient to cover any future tax liabilities that may arise.

D. Deferred Tax Assets

The details of this item are as follows:

	For the Year Ended December 31, 2015				December 31,	
					2015	2014
	Balance - Beginning of the Year	Amount Released	Amount Added	Balance - End of the Year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Accounts Included						
Provision for Impairment of Direct Credit Facilities	1,202,335	-	-	1,202,335	420,817	420,817
Provision for Staff End-of-Service Indemnity*	1,066,656	(197,360)	400,000	1,269,296	444,254	373,330
	2,268,991	(197,360)	400,000	2,471,631	865,071	794,147

* Deferred tax assets has not been calculated on the total balance of the staff's end-of-service indemnity provision as a part of this balance relates to Arab Jordan Investment Bank – Qatar.

The movement on deferred tax assets is as follows:

	For the Year Ended December 31,	
	2015	2014
	JD	JD
Balance-Beginning of the Year	794,147	655,793
Additions	140,000	72,600
Released	(69,076)	(47,695)
Additions Due to Tax Amendments to 35%	-	113,449
Balance-End of the Year	865,071	794,147

E. The following is a summary of the reconciliation between Accounting Income and Tax Income:

	2015	2014
	JD	JD
Accounting Income	33,474,649	33,640,196
Tax-Exempted Income	(1,316,857)	(1,629,193)
Unacceptable Tax Expenses	1,104,633	1,199,769
Taxable Income	33,262,425	33,210,772
Effective Income Tax Rate	30.95%	27.98%
Income Tax for the Year	10,360,543	9,415,178

- According to the Income Tax Law, which has come into force effective from January 1, 2015 a tax rate of 35% is used to calculate the income tax expense for the year-ended December 31, 2015 (30% for the year-ended December 31, 2014).

- The tax rate on the Bank's branch in Cyprus, and the subsidiary in Qatar is 10% and 24% for the subsidies in Jordan.

- The deferred tax assets are calculated at 35% on the doubtful debts provisions balances and the provision of end-of-service indemnity as at years-ended 2015 and 2014. In our opinion, these tax benefits will be utilized during the coming years for the Bank.

21. Other Liabilities

This item consists of the following:

	December 31,	
	2015	2014
	JD	JD
Accrued Interest Payable	4,205,499	3,315,525
Unearned Revenues	178,295	235,063
Accounts Payable	220,411	257,136
Accrued and Unpaid Expenses	1,903,679	2,058,825
Transfers and Checks Payable	311,367	418,151
Bank Cheques Issued at Jordanian Dinars	6,314,890	2,002,755
Safe Boxes Deposits	79,821	79,865
Other Deposits	873,059	940,839
Scattered Creditors	270,593	330,456
Undistributed Dividends	1,879,902	1,529,092
Due to Income Tax	69,859	57,360
Restricted Insurance	967,238	1,050,346
Others*	1,423,908	2,210,496
Total	18,698,521	14,485,909

22. Paid-Up Capital

The paid-up capital of the Bank is JD 150,000,000 at the end of the year, divided into 150,000,000 shares at a par value of JD 1 each as of December 31, 2015 and 2014.

23. Share Issuance Premium

During 2012, Arab Jordan Investment Bank – Qatar raised its capital from USD 25,000,000 to USD 50,000,000 through the issuance of shares at a share price of USD 1.16, which includes an issuance premium of USD 0.16, for a total of USD 4,000,000 where the share of Arab Jordan Investment Bank was USD 2,000,000 (which is equivalent to JD 1,418,000).

24. Reserves

Statutory Reserve

The amount accumulated in this account is transferred from the annual net income before tax at 10% during the year and previous years according to the Bank's Law, This reserve cannot be distributed to shareholders.

General Banking Risks Reserve

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

The restricted reserves are as follows:

Reserve	Amount	Nature of Restriction
	JD	
Statutory reserve	23,917,637	Banks and Companies' Laws
General banking risks reserve	5,788,551	Central Bank of Jordan's Instructions

25. Foreign Currency Translation Adjustments

This represents differences resulting from the translation of the net investment in associates and foreign branches outside of Jordan upon consolidation of the financial statements of the Bank, and the movement for this account is the following:

	For the Year Ended December 31,	
	2015	2014
	JD	JD
Balance – Beginning of the Year	48,727	712,920
Movement During the Year	(803,469)	(664,193)
Balance – End of the Year	(754,742)	48,727

26. Fair Value Reserve

The details of fair value reserve for financial assets at fair value through other comprehensive income as IFRS (9) are as follows:

	For the Year Ended December 31,	
	2015	2014
	JD	JD
Balance - Beginning of the Year	(1,321,657)	(1,035,174)
Unrealized Gains / (Losses)	298,782	(220,778)
Realized Gains / (Losses) Transferred to the Consolidated Statement of Comprehensive Income	5,054	(65,705)
Balance – End of the Year	(1,017,821)	(1,321,657)

27. Retained Earnings

This item consists of the following:

	For the Year Ended December 31,	
	2015	2014
	JD	JD
Balance at the Beginning of the Year	20,366,480	16,840,711
Income for the Year	21,314,142	22,871,285
Gain from Sale of Financial Assets through Comprehensive Income	46,157	71,952
Transferred to Reserves	(2,979,363)	(6,117,283)
Dividends Paid to Shareholders	(18,000,000)	(13,000,000)
Amortization of Shares Issuance (Capital Increase) Cost	-	(300,185)
Balance – End of the Year	20,747,416	20,366,480

Retained earnings include an amount of JD 865,071 as of December 31, 2015 (JD 794,147 as of December 31, 2014) restricted against deferred tax assets,

28. Proposed Dividends to the General Assembly

The Board of Directors recommended the distribution of 12% of capital as cash dividends to the shareholders, equivalent to JD 18,000,000, subject to the approval of the General Assembly of Shareholders. Moreover, during the year 2015 it was approved to distribute 12% of the Bank's capital as cash dividends to the shareholders which was equivalent to JD 18,000,000.

29. Non - Controlling Interest

This item represents other shareholders' interest of (50% minus two shares) from the net shareholders' equity of Arab Jordan Investment Bank in Qatar, and 45% from the net shareholders' equity of the subsidiary company Arab Advisors Company, (A Private Shareholding Company).

30. Interest Income

This item consists of the following:

	2015	2014
	JD	JD
Direct Credit Facilities:		
Individual (Retail):		
Loans	4,138,466	3,813,218
Credit Cards	2,273,359	1,437,124
Real-Estate Loans	5,017,584	4,134,750
Large Companies:		
Loans	9,300,195	7,536,957
Overdraft Accounts	6,726,553	4,799,787
Small and Medium Companies:		
Loans	5,948,782	5,724,503
Overdraft Accounts	4,288,746	3,711,374
Government and Public Sector	8,458,896	7,018,227
Balances at the Central Bank of Jordan	1,798,616	3,326,505
Balances and Deposits at Banks and Financial Institutions	2,190,153	1,544,999
Financial Assets at Amortized Cost	32,999,556	31,406,070
Total	83,140,906	74,453,514

31. Interest Expense

This item consists of the following:

	2015	2014
	JD	JD
Deposits from Banks and Financial Institutions	7,431,459	9,326,854
Customers' Deposits:		
Current and Demand Deposits	1,343,492	1,075,132
Saving Accounts	926,597	535,405
Time and Notice Deposits	19,050,388	15,662,140
Cash Margins	1,051,011	1,005,734
Deposits Insurance Fees	1,334,202	1,163,781
Total	31,137,149	28,769,046

32. Commissions Income - Net

This item consists of the following:

	2015	2014
	JD	JD
Commissions Income:		
Direct Credit Facilities	2,019,707	1,404,878
Indirect Credit Facilities	8,574,430	7,027,124
Less: Commission Expense	(1,129,078)	(797,403)
Net Commissions Income	9,465,059	7,634,599

33. Foreign Currencies Income

This item consists of the following:

	2015	2014
	JD	JD
Resulting from Trading	4,136,750	4,282,743
Resulting from Revaluation	304,057	535,360
Total	4,440,807	4,818,103

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

The details of gains on financial assets of fair value through profit and loss in accordance with IFRS (9) are as follows:

	Realized (Losses)	Unrealized (Losses)	Shares Dividends	Total
2015	JD	JD	JD	JD
Companies' Shares	(27,972)	(9,813)	-	(37,785)
Total	(27,972)	(9,813)	-	(37,785)
	Realized Gains	Unrealized (Losses)	Shares Dividends	Total
2014	JD	JD	JD	JD
Companies' Shares	28,708	(502)	2,580	30,786
Total	28,708	(502)	2,580	30,786

35. Cash Dividends on Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	2015	2014
	JD	JD
Local Companies Dividends	314,527	287,338
Foreign Companies Dividends	52,706	110,243
Total	367,233	397,581

36. Other Income

This item consists of the following:

	2015	2014
	JD	JD
Income from Sale of Property and Equipment	35,998	54,515
(Losses) Income from Sales of Seized Property	(4,986)	13,580
Gain from Investing the Bank's Building	7,310	7,037
Returns from Managed Portfolios	41,459	12,882
Commission of Salary Transfer	90,278	53,537
Returns from Shares Trading on Behalf of customers	53,100	14,984
Recorded Revenues from Pervious Provisions	160,000	200,669
Recovered Revenues from Bad Debts	1,044,038	318,071
Revenues from Subsidiaries	482,060	417,015
Revenues from Credit Cards Sponsorship	219,893	97,133
Other Revenues	133,111	219,176
Total	2,262,261	1,408,599

37. Employees Expenses

This item consists of the following:

	2015	2014
	JD	JD
Salaries, Bonuses and Employees Benefits	12,874,712	10,345,040
Bank's Contribution to Social Security	1,297,980	930,097
Bank's Contribution to Provident Fund	557,038	437,136
Employees' Life Insurance	98,102	98,022
Medical Expenses	825,743	630,630
Staff Training	61,173	61,146
Travel Expenses	312,628	274,914
Other	78,684	71,370
Total	16,106,060	12,848,355

38. Other Expenses

This item consists of the following:	2015	2014
	JD	JD
Rent	2,889,922	2,528,524
Printing and Stationery	564,550	499,182
Subscriptions	680,589	564,321
Professional and Audit Fees	310,638	252,211
Telephone, Telex and Postage	1,112,473	782,511
Insurance Expenses	214,488	223,700
Maintenance and Repair	756,245	724,825
General Services	1,532,999	1,480,683
Swift Services	190,122	131,411
Security	252,056	220,287
Donations	134,750	28,402
Board of Directors Remunerations	55,000	55,000
Board of Directors Expenses	236,869	261,202
Foreign Currency Trading Fees	156,457	112,631
Registration and Governmental Fees	98,237	101,818
Mortgage and Insurance Fees	478,360	264,273
Consultations	230,020	167,310
Automated Clearing (offset) Expenses	13,662	25,834
Property Tax Fees	29,691	38,684
Marketing and Advertising Expenses	544,685	453,269
Computers and ATM Expenses	626,970	93,768
Other Expenses	1,361,667	1,445,342
Total	12,470,450	10,455,188

39. Earnings per Share (Bank's Shareholders)

This item consists of the following:

	2015	2014
	JD	JD
Income for the year	21,314,142	22,871,285
Weighted Average Number of Shares	150,000,000	132,876,712
Earnings per Share (Bank Shareholders) Basis and Diluted	0.142	0.172

40. Cash and Cash Equivalents

This item consists of the following:

	December 31,	
	2015	2014
	JD	JD
Cash and Balances at the Central Bank of Jordan Maturing within 3 Months	100,001,517	117,062,869
Add: Balances at Banks and Other Financial Institutions Maturing within 3 Months	206,225,447	197,817,298
Less: Deposits from Banks and Financial Institutions Maturing within 3 Months	(372,085,812)	(407,255,724)
Total	(65,858,848)	(92,375,557)

41. Related Parties Transactions

The Consolidated Financial Statements includes the financial statements of the Bank and its subsidiaries include the following:

Company's Name	Ownership Percentage	Company's Capital December 31,	
		2015	2014
		JD	JD
United Arab Jordan Company for Investment and Financial Brokerage	100%	2,500,000	2,500,000
Arab Jordan Investment Bank /Qatar LLC	50% + Two Shares	35,450,000	35,450,000

Moreover, the Bank has entered into transactions with members of the Board of Directors and Executive Management within the normal course of its activities at the commercial interest rates and commissions.

The following is a summary of the transactions with related parties during the year:

	Related Party			Total December 31,	
	Board of Directors Members and Management Executives	Associate Company	Other	2015	2014
Statement of Financial Position Items:	JD	JD	JD	JD	JD
Total Deposits for Related Parties	77,153,867	25,562,927	-	102,716,794	87,090,927
Total Bank Deposits with Related Parties	-	22,637,878	-	22,637,878	13,360,947
Loans and Credit Facilities Granted to Related Parties	162,708	-	2,050,691	2,213,399	2,481,047
Off-Statement of Financial Position Items:					
Letter of Credit and Guarantee	-	-	-	-	225,000
Statement of Income Items:					
Credit Interest and Commission	8,089	31,967	160,348	200,404	262,488
Debit Interest and Commission	2,130,349	235,310	-	2,365,659	1,673,768

• Balances, transactions, revenues and expenses between the Bank and the subsidiaries are eliminated.

• The interest rate received on amounts granted as facilities to related parties reached 4.25% annually, which the interest rate paid reached 6.5% annually.

• All credit facilities granted to related parties are performing, and consequently no related provisions have been booked.

The following is a summary of the benefits (salaries and remunerations, plus other benefits) of the executive management of the Bank:

	For the Year Ended December 31,	
	2015	2014
	JD	JD
Salaries, Remunerations and Other Benefits	1,570,182	2,064,236
Travel and Transportation	7,456	10,306
Total	1,577,638	2,074,542

42. Risk Management

First: Qualitative Disclosures:

Risk is an integral part of the Bank's operations. The general framework of the Risk Management Department in the Bank is to identify, understand, and evaluate risks associated with the Bank's operations. The Department also ensures that risk is maintained within approved and accepted limits, and that the necessary measures are taken to reduce risk and attain a balance between risks and rewards.

The Risk Department's policies are developed in order to identify, analyze, control, and place caps on risk. Moreover, risk is also monitored through the Bank's risk database system.

The Bank periodically reviews the policies and procedures associated with the Risk Department in order to incorporate new market developments and practices best suited to the Bank's operations.

The Risk Management Department in the Bank is responsible for managing risk through close alignment of the policies and procedures authorized by the Bank's Board of Directors. Furthermore, the Risk Committee, which is emerged from the Board of Directors, reviews the said department's activities, and continually issues reports to the Board of Directors, disclosing whether the risk is maintained according to the Bank's policies and approved and accepted risk levels.

The Assets and Liabilities Management Committee and Investment Committee also partake in risk management within the Bank. In addition, all of the Bank's work centers are responsible for identifying the risks associated with their activities. They also set the necessary and appropriate risk controls; the most important risks are credit risk, liquidity risk, operation risk and market risk which also includes interest rate risk and currency risk.

Credit Risk

Credit risk arises from the probable default or inability of the borrower or third party to fulfil its obligations to the Bank. Moreover, this risk is one of the most important risks the Bank faces during the conduct of its activities. Therefore, the Bank manages credit risk continuously, this risk relates to items such as loans, bonds and activity investments in debt instruments, in addition to credit risk related to off-statement of financial position items such as unutilized loans, guarantees and documentary credits.

Measurement of Credit Risk:

1. Debt Instruments

The external rating issued by the International Rating Institutions such as (Standard and Poor) and (Moody's) or the like is used in managing exposure to credit risk relating to debt instruments. This rating is within specific categories and as instructed by the regulatory authorities in the countries where the Bank has its branches or subsidiaries.

2. Control on Risk Ceilings and Credit Risk Mitigation Policies

• The Bank manages credit ceilings and controls the credit concentrations risks on the customers' levels (individual or corporate), in addition to managing and controlling the exposure to credit risk for each sector or geographical area.

• The Bank determines the accepted credit risk levels through installing ceilings for the acceptable risks relating to one borrower or a group of borrowers and for each sector or geographical area.

• These risks are continuously controlled and are subject to annual / periodic reviews, in addition to controlling the actual exposure against the risk ceilings daily.

Credit Risk Mitigation Methods

The Bank adopts several methods and practices to mitigate credit risk such as obtaining guarantees according to acceptable standards.

The most prevalent guarantees against loans and credit facilities are the following:
• Real-estate mortgages,
• Mortgages of financial instruments such as shares,
• Bank guarantees,
• Cash collaterals,
• Government guarantees.

Moreover, the Bank adopts the following methods to improve the quality of credit and mitigate risks:
• A system of three approvals for granting a credit,
• Credit approval authority that varies from one management level to another depending on the volume of the customer's portfolio, extent of exposure, maturity, and customer's risk degree.
• Complete segregation between credit management departments (business), credit control and analysis departments.

Second: Quantitative Disclosures:
(42-A) Credit Risk
1- Exposure to credit risk (after impairment provisions and suspended interest and before collateral held or other mitigation factors):

	December 31,	
	2015	2014
On-Statement of Financial Position	JD	JD
Cash and Balances at Central Bank of Jordan	83,607,133	122,822,296
Balances at Banks and Financial Institutions	206,225,447	197,817,298
Deposits at Banks and Financial Institutions	22,021,783	19,925,164
Credit Facilities:		
Individual	104,313,042	80,294,303
Real-Estate Loans	100,679,240	125,787,554
Large Companies	260,819,315	121,819,843
Small and Medium Companies	40,554,112	206,478,301
Government & Public Sector	230,206,761	163,704,207
Bonds and Treasury Bills:		
Within Financial Assets at Amortized Cost	588,563,087	578,491,241
Other Assets	19,229,688	19,477,240
Total	1,656,219,608	1,636,617,447
Off-Statement of Financial Position Items		
Letters of Guarantee	113,224,133	121,130,116
Letters of Credit	34,217,559	38,515,819
Acceptances	32,756,911	47,947,697
Un-Utilized Facilities	60,977,293	59,125,217
	241,175,896	226,718,849
Total	1,897,395,504	1,903,336,296

• The Bank obtains cash and in-kind collaterals representing real-estates and shares to mitigate credit risks to which the Bank might be exposed.
• The above schedule represents the Bank's maximum exposure to credit risk as of December 31, 2015 and 2014 without taking into consideration guarantees and other credit risk mitigation factors.
• As for on-consolidated statement of financial position assets, the above exposure is based on the balance shown in the consolidated statement of financial position.

2. Credit exposure is distributed according to the degree of risk as follows:

December 31, 2015	Individual	Real-Estate Loans	Large Companies	Small and Medium Companies	Government & Public Sector	Banks & Other Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low Grade	21,442,585	9,798,730	1,964,374	88,918	824,578,891	-	857,873,498
Standard Grade	79,534,874	101,757,783	282,908,967	29,979,786	37,049,723	243,634,874	774,866,007
From Which Past Due:							
Up to 30 Days	80,120	25,816	-	-	-	-	105,936
From 31 to 60 Days							
Watch List	5,990,850	4,151,339	-	8,213,819	-	-	18,356,008
Non-Performing:							
Substandard	819,283	982,899	-	1,144	-	-	1,803,326
Doubtful	1,704,320	1,268,992	-	896,186	-	-	3,869,498
Written-Off	1,306,169	2,585,849	-	6,343,281	-	-	10,235,299
Total	110,798,081	120,545,592	284,873,341	45,523,134	861,628,614	243,634,874	1,667,003,636
Deduct: Interest in Suspense	225,345	629,180	-	799,131	-	-	1,653,656
Allowance for Impairment Losses	2,675,220	1,353,720	1,064,000	4,037,432	-	-	9,130,372
Net	107,897,516	118,562,692	283,809,341	40,686,571	861,628,614	243,634,874	1,656,219,608
December 31, 2014	Individual	Real-Estate Loans	Large Companies	Small and Medium Companies	Government & Public Sector	Banks & Other Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low Grade	4,920,372	10,248,041	12,784,574	1,542,852	778,442,850	-	807,938,689
Standard Grade	68,539,492	110,439,695	140,289,035	197,899,929	52,537,655	231,860,871	801,566,677
From Which Past Due:							
Up to 30 days	9,105	18,822	-	-	-	-	27,927
From 31 to 60 Days							
Watch List	5,225,109	4,298,359	-	11,152,929	-	-	20,676,397
Non-Performing:							
Substandard	2,176,599	699,230	-	271,333	-	-	3,147,162
Doubtful	8,676,132	1,873,796	-	1,239,989	-	-	11,789,917
Written-Off	4,037,988	1,480,629	-	1,581,591	-	-	7,100,208
Total	93,575,692	129,039,750	153,073,609	213,688,623	830,980,505	231,860,871	1,652,219,050
Deduct: Interest in Suspense	1,592,317	809,428	-	181,799	-	-	2,583,544
Allowance for Impairment Losses	5,417,683	1,392,898	1,064,000	5,143,478	-	-	13,018,059
Net	86,565,692	126,837,424	152,009,609	208,363,346	830,980,505	231,860,871	1,636,617,447

* Exposures include credit facilities, balances and deposits with banks and treasury bonds and any assets of its credit exposures.
* The full balance of the debt owed in the event of a single maturity premiums or benefits, and the overdraft is considered payable if it exceeds the ceiling.

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

December 31, 2015	Individual	Real-Estate Loans	Large Companies	Small and Medium Companies	Government & Public Sector	Total
	JD	JD	JD	JD	JD	JD
Low Grade	21,442,585	9,798,730	1,964,374	88,918	198,204,896	231,499,503
Standard Grade	61,666,570	66,098,860	204,719,531	24,042,834	32,001,865	388,529,660
Watch List	1,531,296	2,308,698	-	4,613,456	-	8,453,450
Non-Performing :						
Substandard Grade	-	485,299	-	-	-	485,299
Doubtful	207,503	595,438	-	355,012	-	1,157,953
Written-off	-	1,149,505	-	3,714,416	-	4,863,921
Total	84,847,954	80,436,530	206,683,905	32,814,636	230,206,761	634,989,786
As :						
Cash Margins	20,379,085	6,714,459	1,964,374	88,918	-	29,146,836
Governmental Guarantees	-	3,084,268	-	-	230,206,761	233,291,029
Accepted Bank Guarantees	1,063,500	-	-	-	-	1,063,500
Real-Estate	55,784,115	70,616,803	204,719,531	32,725,718	-	363,846,167
Listed Shares	7,616,081	-	-	-	-	7,616,081
Equipment and Vehicles	5,173	21,000	-	-	-	26,173
December 31, 2014	Individual	Property Loans	Large Companies	Small and Medium Companies	Government & Public Sector	Total
	JD	JD	JD	JD	JD	JD
Low Grade	4,809,231	6,831,323	11,873,475	1,387,466	111,166,552	136,068,047
Standard Grade	48,735,022	80,954,114	97,385,316	153,715,614	52,537,655	433,327,721
Watch List	4,349,973	4,192,628	-	8,207,199	-	16,749,800
Non-Performing :						
Substandard Grade	1,666,180	-	-	820,600	-	2,486,780
Doubtful	1,343,602	2,134,171	-	-	-	3,477,773
Written-Off	329,088	480,351	-	56,422	-	865,861
Total	61,233,096	94,592,587	109,258,791	164,187,301	163,704,207	592,975,982
As :						
Cash Margins	4,809,231	6,831,323	8,538,007	1,387,466	-	21,566,027
Governmental Guarantees	-	-	3,335,468	-	163,704,207	167,039,675
Real-Estate	54,595,259	87,761,264	90,215,552	162,577,298	-	395,149,373
Listed Shares	1,699,638	-	5,664,940	222,537	-	7,587,115
Equipment and Vehicles	128,968	-	1,504,824	-	-	1,633,792

Rescheduled Loans
These represent loans classified previously as non-performing and reclassified as performing but taken out therefrom according to proper scheduling and classified as watch list loans, they amounted to JD 4,887,430 for the current year (JD 3,400,538 for the previous year).

The balance of the rescheduled loans represents the loans which were rescheduled either still classified as watch list or transferred to performing.

Restructured Loans
Restructuring means to rearrange facilities instalments or by increasing their duration, postpone some instalments, or increase the grace period…etc. They are classified as a watch-list debt and it amounted to JD 10,614,237 for the current year (JD 12,720,795 for the previous year-end).

4. Bills, Bonds and Debentures
The table below shows the classification of bills, bonds and debentures according to external rating agencies:

Risk Rating Class	Rating Agency	Included in Assets at Amortized Cost
Government Guaranteed Bonds	Moody's	526,074,023
Government Guaranteed Bonds B1	Moody's	8,174,999
Foreign Governmental Bonds A2	Moody's	1,402,112
Foreign Governmental Bonds Aa2	Moody's	1,467,667
Foreign Governmental Bonds BBB -	Moody's	683,641
Foreign Governmental Bonds Ba1	Moody's	719,133
Foreign Governmental Bonds Ba3	Moody's	710,909
Companies Bond A	Moody's	718,616
Companies Bond A1	Moody's	715,206
Companies Bond A2	Moody's	715,669
Companies Bond A3	Moody's	2,196,355
Companies Bond Aa2	Moody's	2,947,766
Companies Bond Aa3	Moody's	712,453
Companies Bond Ba1	Moody's	5,711,318
Companies Bond Ba2	Moody's	770,099
Companies Bond Ba3	Moody's	1,460,350
Companies Bond Baa1	Moody's	1,418,000
Companies Bond Baa2	Moody's	1,445,240
Companies Bond Baa3	Moody's	5,053,221
Companies Bond BB+	Moody's	1,433,480
Companies Bond Caa1	Moody's	1,449,476
Companies Bond Caa3	Moody's	712,915
Companies Bond without Classification	Moody's	21,870,439
Total	Moody's	588,563,087

5. The schedule below shows the geographical distribution of the credit risk exposure:

	Inside the Kingdom	Other Middle East Countries	Europe	Asia *	Africa *	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at Central Bank of Jordan	83,607,133	-	-	-	-	-	-	83,607,133
Balances at Banks and Financial Institutions	65,641,327	94,731,751	36,958,486	14,343	114,638	8,493,780	271,122	206,225,447
Deposits at Banks and Financial Institutions	-	-	22,021,783	-	-	-	-	22,021,783
Credit Facilities - Net:								
Individual	81,026,024	21,170,239	2,116,779	-	-	-	-	104,313,042
Property Loans	83,646,315	17,032,925	-	-	-	-	-	100,679,240
Large Companies	221,675,108	38,257,707	886,500	-	-	-	-	260,819,315
Small and Medium Companies (SMEs)	33,924,757	-	6,629,355	-	-	-	-	40,554,112
Government & Public Sector	230,206,761	-	-	-	-	-	-	230,206,761
Bonds, Debentures, and Bills:								
Financial Assets at Amortized Cost	551,931,521	4,301,076	12,220,896	12,943,125	683,642	6,482,827	-	588,563,087
Other Assets	18,319,487	366,074	255,628	184,507	8,737	95,255	-	19,229,688
Total / Current Year	1,369,978,433	175,859,772	81,089,427	13,141,975	807,017	15,071,862	271,122	1,656,219,608
Total / Comparative Figures	1,382,470,984	166,827,978	57,596,755	8,416,615	1,213,718	20,028,327	63,070	1,636,617,447

* Excluding Middle East Countries.

6. The schedule below shows the credit risk exposure according to economic activities:

Economic Sector	Finance	Industrial	Trade	Real-Estates	Agriculture	Shares	Individual (Retail)	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Bank of Jordan	83,607,133	-	-	-	-	-	-	-	83,607,133
Balances at Banks and Financial Institutions	206,225,447	-	-	-	-	-	-	-	206,225,447
Deposits at Banks and Financial Institutions	22,021,783	-	-	-	-	-	-	-	22,021,783
Credit Facilities	4,719,617	116,316,315	175,196,885	100,679,240	2,258,341	2,882,269	104,313,042	230,206,761	736,572,470
Bonds, Debentures, and Bills:									
Financial Assets at Amortized Cost	15,092,451	10,032,880	6,353,386	17,851,886	-	-	-	539,232,484	588,563,087
Other Assets	1,183,154	2,944,484	3,330,938	31,566	55,115	70,354	3,584,474	8,029,603	19,229,688
Total / Current Year	332,849,585	129,293,679	184,881,209	118,562,692	2,313,456	2,952,623	107,897,516	777,468,848	1,656,219,608
Total / Comparative Figures	380,029,082	147,569,955	196,688,599	126,777,847	1,078,427	5,244,621	80,294,303	698,934,613	1,636,617,447

(42-B) Market Risks:
Market risk is the risk of the fluctuation in the fair value or cash flows of financial instruments due to changes in market prices, such as interest rates, currency rates and stock prices. The risks subject to this requirement are foreign currency risk, price risk and commodity risk. Market risks arise due to open positions for interest rate, foreign currency exchange rate, investment rate, and share prices. These risks are controlled according to predetermined policies and procedures and through specialized committees and work centers.

Sensitivity analysis is based on estimating the loss risk in fair value due to changes in interest rate and exchange rate. Moreover, fair value is calculated according to the current value of future cash flows that will be affected by price changes.

1. Interest Rate Risks
Interest rate risk arises from the probable impact of changes in interest rates on the value of other financial assets. The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities according to the various time limits or review of interest rates in a certain period. Moreover, the Bank manages these risks through reviewing the interest rates on assets and liabilities based on the risk management strategy. The Bank will study all the factors that have an effect on the interest rates whether they are local, regional or global in addition to studying the interest rate gap and their future expectations to determine the degree of risk in the short and long term so as to be able to put a suitable future plan and make the right decisions such as amending the maturity date and repricing the deposits and loans, and the purchase and sale of the financial investments.

Sensitivity Analysis 2015

Currency	Change (Increase) in Interest Rate%	Sensitivity of Interest Revenue (Profit & Loss)	Sensitivity of Shareholders' Equity
		JD	JD
US Dollar	1	686,239	-
Euro	1	(215,076)	-
British Pound	1	(96,613)	-
Japanese Yen	1	3	-
Others	1	157,840	-

Currency	Change (Decrease) in Interest Rate%	Sensitivity of Interest Revenue (Profit & Loss)	Sensitivity of Shareholders' Equity
		JD	JD
US Dollar	1	(686,239)	-
Euro	1	215,076	-
British Pound	1	96,613	-
Japanese Yen	1	(3)	-
Others	1	(157,840)	-

Sensitivity Analysis 2014

Currency	Change (Increase) in Interest Rate%	Sensitivity of Interest Revenue (Profit & Loss)	Sensitivity of Shareholders' Equity
		JD	JD
US Dollar	1	826,024	-
Euro	1	(156,794)	-
British Pound	1	(165,438)	-
Japanese Yen	1	4	-
Others	1	235,332	-

Currency	Change (Decrease) in Interest Rate%	Sensitivity of Interest Revenue (Profit & Loss)	Sensitivity of Shareholders' Equity
		JD	JD
US Dollar	1	(826,024)	-
Euro	1	156,794	-
British Pound	1	165,438	-
Japanese Yen	1	(4)	-
Others	1	(235,332)	-

2. Foreign Currencies Risk

This is the risk that results from the changes in foreign exchange rates with potential impact on the Bank's assets and liabilities in foreign currencies. The Bank prepares a sensitivity analysis to monitor the changes in exchange rates at (± 5%) of net profits and losses.

Sensitivity Analysis 2015

Currency	Change in Currency Exchange Rate (%)	Effect on Profits & Losses	Sensitivity of Shareholders' Equity
		JD	JD
Euro	5	(1,513)	-
British Pound	5	989,426	-
Japanese Yen	5	33	-
Other Currencies	5	124,597	-

Sensitivity Analysis 2014

Currency	Change in Currency Exchange Rate (%)	Effect on Profits & Losses	Sensitivity of Shareholders' Equity
		JD	JD
Euro	5	7,518	-
British Pound	5	841,215	-
Japanese Yen	5	791	-
Other Currencies	5	350,143	-

In case the decrease in the currency exchange rate amounts to 5%, the same financial effect will result with an opposite sign.

3. Shares Prices Risks

Is the risk arising from changes in the prices of stocks within the portfolio of financial assets, at fair value, through the statement of income and comprehensive income. The Bank manages the risks of stock prices by analyzing value at losses.

Sensitivity Analysis 2015

Indicator	Change in Equity Prices (%)	Effect on Profit & Losses	Effect on Shareholders
		JD	JD
Amman Stock Exchange	5	3,282	609,026
Qatar Stock Exchange	5	-	54,675

Sensitivity Analysis 2014

Indicator	Change in Equity Prices (%)	Effect on Profit & Losses	Effect on Shareholders
		JD	JD
Amman Stock Exchange	5	2,160	579,004
Qatar Stock Exchange	5	-	69,618

If the stock exchange indicator decreases by the same percentage, the same financial effect will arise but with an opposite sign.

4. Interest Rate Sensitivity Gap

Classification is done according to interest re-pricing or maturity, whichever is closer.

	Less than 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Non-Interest Bearing Items	Total
	JD	JD	JD	JD	JD	JD	JD	JD
December 31, 2015								
Assets								
Cash and Balances at Central Bank of Jordan	-	19,900,000	-	-	-	-	80,101,517	100,001,517
Balances at Banks and Financial Institutions	-	156,625,771	-	-	-	-	49,599,676	206,225,447
Deposits at Banks and Financial Institutions	-	-	6,664,144	4,847,439	10,510,200	-	-	22,021,783
Financial Assets at Amortized Costs	4,471,000	46,436,973	11,129,987	92,972,572	108,316,258	325,236,297	-	588,563,087
Financial Assets at Fair Value through Profit or Loss	-	-	-	-	-	-	65,647	65,647
Direct Credit Facilities	117,559,887	58,572,148	92,650,644	64,294,304	168,580,433	234,915,054	-	736,572,470
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	14,582,937	14,582,937
Investments in Associate Company	-	-	-	-	-	-	19,680,613	19,680,613
Property and Equipment - Net	-	-	-	-	-	-	62,401,516	62,401,516
Intangible Assets - Net	-	-	-	-	-	-	2,027,833	2,027,833
Other Assets	1,239,539	1,239,539	-	-	-	-	37,719,869	40,198,947
Deferred Tax Assets	-	-	-	-	-	-	865,071	865,071
Total Assets	123,270,426	282,774,431	110,444,775	162,114,315	287,406,891	560,151,351	267,044,679	1,793,206,868
Liabilities								
Banks and Financial Institution Deposits	2,496,549	369,589,263	63,720,000	-	-	-	-	435,805,812
Customers' Deposits	486,579,554	187,383,209	76,844,418	52,601,716	15,622,107	-	221,068,941	1,040,099,945
Cash Collaterals	27,381,856	9,323,971	4,423,079	11,911,932	125,014	43,605	12,554,589	65,764,046
Sundry Provisions	-	-	-	-	-	-	1,720,199	1,720,199
Income Tax Provisions	2,096,891	22,541	5,875,596	-	-	-	1,514,346	9,509,374
Other Liabilities	-	-	-	-	-	-	18,698,521	18,698,521
Total Liabilities	518,554,850	566,318,984	150,863,093	64,513,648	15,747,121	43,605	255,556,596	1,571,597,897
Interest Rate Sensitivity Gap	(395,284,424)	(283,544,553)	(40,418,318)	97,600,667	271,659,770	560,107,746	11,488,083	221,608,971
December 31, 2014								
Total Assets	161,802,980	263,186,796	129,978,336	111,546,540	421,601,657	441,064,498	221,042,892	1,750,223,699
Total Liabilities	453,005,831	615,804,345	92,770,906	73,365,715	30,872,981	760	265,856,900	1,531,677,438
Interest Rate Sensitivity Gap	(291,202,851)	(352,617,549)	37,207,430	38,180,825	390,728,676	441,063,738	(44,814,008)	218,546,261

5. Foreign Currency Sensitivity Gap:

Currency	USD	Euro	Sterling Pounds	Japanese Yen	Others	Total
December 31, 2015						
Assets						
Cash and Balances at the Central Bank of Jordan	26,142,306	1,267,506	334,836	2,350	428,160	28,175,158
Balances and Deposits at Banks and Financial Institutions	144,426,308	37,238,214	25,479,580	14,343	8,976,253	216,134,698
Direct Credit Facilities	205,923,351	5,054,737	-	-	85,472,411	296,450,499
Financial Securities at Amortized Cost	110,338,810	770,099	-	-	-	111,108,909
Assets through Comprehensive Income	35,672	-	-	-	1,093,493	1,129,165
Investments in Associate Company	-	-	19,680,613	-	-	19,680,613
Property and Equipment - Net	1,957,055	-	-	-	-	1,957,055
Other Assets	18,096,845	10,963,449	13,977	-	(15,314,806)	13,759,465
Total Assets	506,920,347	55,294,005	45,509,006	16,693	80,655,511	688,395,562
Liabilities						
Banks and Financial Institutions Deposits	163,863,490	26,438,417	2,732,996	-	11,109,594	204,144,497
Customers' Deposits	310,769,317	27,805,062	22,916,268	15,963	56,420,423	417,927,033
Cash Margins	10,067,062	997,013	159,243	-	9,905,360	21,128,678
Banking Risks Reserve	243,903	-	-	-	-	243,903
Sundry Provisions	425,852	-	-	-	-	425,852
Deferred Tax Liabilities	3,068,992	83,781	(88,012)	74	495,564	3,560,399
Other Liabilities	32,942	-	-	-	-	32,942
Retained Earnings	495,531	-	-	-	-	495,531
Cumulative Change in Fair Value	-	-	-	-	116,319	116,319
Share Issuance Premium	1,418,000	-	-	-	-	1,418,000
Non - Controlling Interest	21,313,867	-	-	-	116,318	21,430,185
Total Liabilities	511,698,956	55,324,273	25,720,495	16,037	78,163,578	670,923,339
Net Concentration on Balance Sheet for the Current Year	(4,778,609)	(30,268)	19,788,511	656	2,491,933	17,472,223
Contingent Liabilities off Balance Sheet for the Current Year	93,721,429	32,097,099	748,213	1,055,347	21,664,251	149,286,339
December 31, 2014						
Total Assets	506,141,248	36,804,000	36,669,204	43,205	101,450,316	681,107,973
Total Liabilities	510,301,179	36,653,631	19,844,908	27,386	94,447,457	661,274,561
Net Concentration on Balance Sheet for the Current Year	(4,159,931)	150,369	16,824,296	15,819	7,002,859	19,833,412
Contingent Liabilities Off Balance Sheet for the Current Year	226,442,074	30,401,839	1,012,505	2,677,086	19,710,558	280,244,062

(42-C) Liquidity Risk

Liquidity risk is defined as the Bank’s inability to provide the necessary funding to cover its obligations at the due date. Liquidity risk is managed through the following:

• Funding requirements are managed through daily oversight of future cash flows to ensure the possibility of meeting them, and the Bank maintains a presence in the market of cash that allows the Bank to achieve it.

• Holding highly marketable assets that can be easily liquidated to meet any unexpected liquidity requirements.

• Monitoring the liquidity ratios according to the internal requirements and the requirements of the regulatory authorities.

• Managing concentrations in assets / liabilities and their maturities.

• Maintaining a portion of customers’ deposits as a cash reserve at the Central Bank of Jordan; this reserve cannot be disposed of except for certain conditions as specified by the Central Bank of Jordan.

Liquidity is measured on the basis of normal and emergency conditions. This includes analyzing the remaining period of the contractual maturity and financial assets on the basis of the expected recoverability.

The treasurer is in charge of controlling the liquidity of the Bank, taking into consideration loans and any related commitments, letters of credit and guarantees.

Sources of Funds

The Bank diversifies its funding sources according to geographical areas, currencies, customers and products in order to achieve financial flexibility and reduce funding costs. It also endeavours to maintain stable and reliable funding sources. Moreover, the Bank has a large customer base including individual customers, companies and corporations.

1. The table below summarizes the distribution of liabilities (not discounted) on the basis of the remainder of the contractual maturity at the date of the financial statements:

December 31, 2015	Less than 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities								
Banks' and Financial Institution's Deposits	2,535,346	370,234,094	63,767,014	-	-	-	-	436,536,454
Customers' Deposits	486,857,854	188,065,455	77,545,424	53,232,734	16,368,840	-	221,068,941	1,043,139,248
Cash Margins	27,409,570	9,359,066	4,609,665	11,921,086	131,771	50,807	12,554,589	66,036,554
Miscellaneous Provisions	-	-	-	-	-	-	1,720,199	1,720,199
Income Tax Provision	2,096,891	22,541	5,875,596	-	-	-	1,514,346	9,509,374
Other Liabilities	-	-	-	-	-	-	18,698,521	18,698,521
Total	518,899,661	567,681,156	151,797,699	65,153,820	16,500,611	50,807	255,556,596	1,575,640,350
Total Assets (According to Expected Maturities)	698,070,361	282,774,431	110,444,775	233,639,563	97,459,677	189,947,214	180,870,847	1,793,206,868
December 31, 2014	Less than 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities								
Banks' and Financial Institutions' Deposits	4,193,093	403,143,517	10,670,183	60,035	-	-	-	418,066,828
Borrowed Funds from the Central Bank of Jordan	37,500,000	-	-	-	-	-	-	37,500,000
Customers' Deposits	381,911,869	206,147,791	69,927,711	61,515,597	31,775,961	16,897	236,800,171	988,095,997
Cash Margins	29,408,898	6,257,368	3,897,849	12,095,493	38,217	3,625	12,176,990	63,878,440
Miscellaneous Provisions	-	-	-	-	-	-	1,575,889	1,575,889
Income Tax Provision	-	800,000	8,476,824	-	-	-	817,941	10,094,765
Other Liabilities	-	-	-	-	-	-	14,485,909	14,485,909
Total	453,013,860	616,348,676	92,972,567	73,671,125	31,814,178	20,522	265,856,900	1,533,697,828
Total Assets (According to Expected Maturities)	617,790,393	263,186,796	129,978,336	231,406,169	142,965,122	278,636,535	86,260,348	1,750,223,699

2. The following table summarizes forward currency contracts based on the remaining period to the contractual maturity date on the date of the financial statements:

December 31, 2015	Up to 1 month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Total
	JD	JD	JD	JD	JD	JD	JD
Forward Currency Contracts							
Outflows	11,664,293	-	-	-	-	-	11,664,293
Inflows	11,664,293	-	-	-	-	-	11,664,293
December 31, 2014	Up to 1 month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Total
	JD	JD	JD	JD	JD	JD	JD
Forward Currency Contracts							
Outflows	50,400,340	-	-	-	-	-	50,400,340
Inflows	50,400,340	-	-	-	-	-	50,400,340

3. Off the Statement of Financial Position Items:

2015	Up to 1 year	More than 1 to 5 years	Over 5 years	Total
	JD	JD	JD	JD
Letters of Credit & Acceptances / Issued	65,424,629	-	-	65,424,629
Un-utilized Facilities	60,977,293	-	-	60,977,293
Letters of Guarantee	88,610,016	24,591,117	23,000	113,224,133
Total	215,011,938	24,591,117	23,000	239,626,055
2014	Up to 1 year	More than 1 to 5 years	Over 5 years	Total
	JD	JD	JD	JD
Letters of Credit & Acceptances / Issued	85,937,123	-	-	85,937,123
Un-utilized Facilities	59,125,217	-	-	59,125,217
Letters of Guarantee	111,646,942	9,460,174	23,000	121,130,116
Total	256,709,282	9,460,174	23,000	266,192,456

43. Segment Analysis

A. Information about the Bank's Business Segments

The Bank is organized for administrative purposes so that the segments are measured according to the reports that are used by the Executive Director and the main decision-maker at the Bank, through the following main business segments:

• Individual Accounts: include following up on individual customers accounts, real-estate loans, overdrafts, credit cards facilities, and transfer facilities.

• Corporate Accounts: include corporate transactions on loans, credit facilities, and deposits.

• Treasury: principally providing money market , trading and treasury services as well as management of the Bank's funding operations through treasury bills, government securities, placements and acceptances with other banks, and that is through treasury and banking services.

The Following represents information about the Bank's sector activities:

	Individual	Corporate	Treasury	Others	Total For the Year Ended December31,	
					2015	2014
	JD In Thousands	JD In Thousands	JD In Thousands	JD In Thousands	JD In Thousands	JD In Thousands
Gross Income	13,522	36,877	42,857	6,382	99,638	88,743
Provision for Impairment of Direct Credit Facilities	(1,421)	(3,329)	-	-	(4,750)	(1,675)
Bank's Share of Income from Associate Company	-	-	1,040	-	1,040	982
Segment Results	12,101	33,548	43,897	6,382	95,928	88,050
Undistributed Segment Expenses	-	-	-	-	(62,453)	(54,410)
Income Before Tax	-	-	-	-	33,475	33,640
Income Tax	-	-	-	-	(10,290)	(9,277)
Income for the Year	12,101	33,548	43,897	6,382	23,185	24,363
Segment's Assets	189,915	546,658	931,460	-	1,668,033	1,647,403
Investments in Associate Company	-	-	19,681	-	19,681	16,811
Undistributed Assets	-	-	-	105,493	105,493	86,010
Total Segment's Assets	189,915	546,658	951,141	105,493	1,793,207	1,750,224
Segment's Liabilities	511,079	594,785	435,806	-	1,541,670	1,505,521
Undistributed Liabilities	-	-	-	29,928	29,928	26,156
Total Liabilities	511,079	594,785	435,806	29,928	1,571,598	1,531,677
Capital Expenses	-	-	-	-	15,444	16,532
Depreciation	-	-	-	-	1,889	1,710

B. Information about Geographical Distribution
This item represents the geographical distribution of the Bank's activities. Moreover, the Bank conducts its activities mainly in Jordan, representing local activities. Additionally, the Bank performs international activities through its branches in the Middle East and the Near East.

The following is the geographical distribution of the Bank's revenues, assets, and capital expenses:

	Inside the Kingdom		Outside the Kingdom		Total	
	2015	2014	2015	2014	2015	2014
	JD	JD	JD	JD	JD	JD
Total Revenues	91,782,347	81,629,442	8,895,709	8,095,944	100,678,056	89,725,386
Total Assets	1,485,692,941	1,474,572,906	307,513,927	275,650,793	1,793,206,868	1,750,223,699
Capital Expenses	15,296,319	16,455,365	148,068	76,402	15,444,387	16,531,767

44. Capital Management:
The Bank seeks to achieve the following goals:

- Compliance with the Central Bank of Jordan requirements relating to share capital.

- Maintaining the ability to continue as a going concern.

- Maintaining a strong capital base for supporting the expansion and development of the Bank's activities.

Capital adequacy is monitored and reviewed by the Bank's management, moreover, the Bank provides the Central Bank of Jordan with quarterly reports on the adequacy of its capital.

According to the Central Bank of Jordan instructions, the minimum requirement for the capital adequacy ratio is 12%. Moreover, banks are classified into five categories, the best one having an average capital adequacy ratio equal to or more than 14%. Additionally, the Bank's capital adequacy ratio is 15.94% as of December 31, 2015 (15.46% as of December 31, 2014).

The schedule below shows capital components, total risk weighted assets, and capital adequacy ratio according to the Central Bank of Jordan instructions in accordance with Basel Committee regulations:

	In Thousands	
	2015	2014
	JD	JD
Primary Capital:		
Paid-Up Capital	150,000	150,000
Statutory Reserve	23,918	20,974
Share Issuance Premium	1,418	1,418
Retained Earnings	1,882	1,573
Non-Controlling Interest	9,609	9,690
Goodwill	(2,028)	(1,622)
Less: Real-Estate Owned by Bank for More Than 4 Years	-	(2,227)
Less: Investments in Banks, Insurance Companies and Subsidiaries with Unconsolidated Financial Statements	(15,665)	(12,331)
Total Primary Capital	169,134	167,475
Supplementary Capital:		
Foreign Currency Translation Adjustments	(755)	49
Cumulative Change in Fair Value	(1,018)	(1,322)
General Banking Risk Reserve	5,789	5,753
Less: Investments in Banks, Insurance Companies and Subsidiaries with Unconsolidated Financial Statements	(4,016)	(4,480)
The Total Supplementary Capital	-	-
Total Regulatory Capital	169,134	167,475
Total Risk Weighted Assets	1,061,098	1,083,178
Capital Adequacy Ratio %	15.94%	15.46%
Primary Capital Ratio %	15.94%	15.46%

45. Accounts Managed on Behalf of Customers

This item represents the accounts managed by the Bank on behalf of its customers, but are not considered part of the Bank's assets, and its balances as of December 31, 2015 was JD 19,773,003 (JD 11,608,613 as of December 31, 2014). The fees and commissions on such accounts are shown in the consolidated statement of Income.

46. Assets and Liabilities Maturity Analysis:

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

December 31, 2015	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
Assets:			
Cash and Balances at Central Bank of Jordan	100,001,517	-	100,001,517
Balances at Banks and Financial Institutions	206,225,447	-	206,225,447
Deposits at Banks and Financial Institutions	11,511,583	10,510,200	22,021,783
Financial Assets at Amortized Cost	542,225,065	46,338,022	588,563,087
Financial Assets at Fair Value through Profit or Loss	65,647	-	65,647
Financial Assets at Fair Value through Comprehensive Income	14,582,937	-	14,582,937
Direct Credit Facilities	431,087,246	305,485,224	736,572,470
Investments in Associate Company	-	19,680,613	19,680,613
Property and Equipment - Net	-	62,401,516	62,401,516
Intangible Assets - Net	-	2,027,833	2,027,833
Deferred Tax Assets	-	865,071	865,071
Other Assets	19,229,688	20,969,259	40,198,947
Total Assets	1,324,929,130	468,277,738	1,793,206,868
Liabilities			
Banks and Financial Institutions’ Deposits	435,805,812	-	435,805,812
Customers’ Deposits	804,104,163	235,995,782	1,040,099,945
Cash Margins	48,179,252	17,584,794	65,764,046
Sundry Provisions	-	1,720,199	1,720,199
Income Tax Provision	7,995,028	1,514,346	9,509,374
Other Liabilities	4,205,499	14,493,022	18,698,521
Total Liabilities	1,300,289,754	271,308,143	1,571,597,897
Net	24,639,376	196,969,595	221,608,971

December 31, 2014	Up to 1 year	Over 1 year	Total
	JD	JD	JD
Assets:			
Cash and Balances at Central Bank of Jordan	138,162,869	-	138,162,869
Balances at Banks and Financial Institutions	197,817,298	-	197,817,298
Deposits at Banks and Financial Institutions	19,925,164	-	19,925,164
Financial Assets at Amortized Cost	535,230,406	43,260,835	578,491,241
Financial Assets at Fair Value through Profit or Loss	43,198	-	43,198
Financial Assets at Fair value through Comprehensive Income	14,879,717	-	14,879,717
Direct Credit Facilities	316,825,802	381,258,406	698,084,208
Investments in Associate Company	-	16,811,282	16,811,282
Property and Equipment - Net	-	49,252,367	49,252,367
Intangible Assets - Net	-	1,621,868	1,621,868
Deferred Tax Assets	-	794,147	794,147
Other Assets	19,477,240	14,863,100	34,340,340
Total Assets	1,242,361,694	507,862,005	1,750,223,699
Liabilities			
Banks and Financial Institutions' Deposits	417,890,724	-	417,890,724
Borrowed Funds from the Central Bank of Jordan	37,500,000	-	37,500,000
Customers' Deposits	715,783,954	270,516,102	986,300,056
Cash Margins	51,611,263	12,218,832	63,830,095
Sundry Provisions	-	1,575,889	1,575,889
Income Tax Provision	9,276,824	817,941	10,094,765
Other Liabilities	3,315,525	11,170,384	14,485,909
Total Liabilities	1,235,378,290	296,299,148	1,531,677,438
Net	6,983,404	211,562,857	218,546,261

47 Fair Value Hierarchy

A. Fair Value of Financial Assets and Financial Liabilities that are Measured at Fair Value on a Recurring Basis.

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

Financial Assets/Financial Liabilities	Fair Value as at December 31		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	2015	2014				
Financial Assets at Fair Value	JD	JD				
Financial Assets at Fair Value through Profit or Loss:						
Companies Shares	65,547	43,198	Level 1	Quoted Rates in Financial Markets	Not Applicable	Not Applicable
Companies Bonds	-	-	Level 1 & 2	Quoted Rates in Financial Markets and Comparing to Similar Financial Instruments	Not Applicable	Not Applicable
Total	65,547	43,198				
Financial Assets at Fair Value through Comprehensive Income:						
Shares Available at Market Price	13,274,020	12,972,424	Level 1	Quoted Rates in Financial Markets	Not Applicable	Not Applicable
Shares Not Available at Market Price	1,308,917	1,907,293	Level 2	Compare to Similar Financial Instruments	Not Applicable	Not Applicable
Total	14,582,937	14,879,717				
Foreign Currency Futures Contracts	11,664,293	50,400,340	Level 1	Quoted Rates in Financial Markets	Not Applicable	Not Applicable
Total Financial Assets at Fair Value	26,312,777	65,323,255				

There were no transfers between level 1 and 2 during 2015 and 2014.

B. Fair Value of Financial Assets and Financial Liabilities that are Not Measured at Fair Value on a Recurring Basis.

Except as detailed in the following table, we believe that the carrying amounts of financial assets recognized in the company's financial statements approximate their fair values because the Bank's management believes that the reason behind the following item's book value are approximately equal to fair value is due to either their short term maturity or to their most rates being repriced during the year.

	December 31,2015		December 31,2014		
	Book Value	Fair Value	Book Value	Fair Value	Fair Value Hierarchy
Financial Assets Not Calculated at Fair Value	JD	JD	JD	JD	
Balances at Central Banks	83,607,133	84,165,968	122,822,296	124,230,460	Level 2
Balances at Banks and Financial Institutions	206,225,447	206,287,481	197,817,298	198,281,066	Level 2
Deposits at Banks and Financial Institutions	22,021,783	22,047,225	19,925,164	19,962,457	Level 2
Loans and Other Bills	651,606,984	660,299,255	602,998,074	611,118,913	Level 2
Financial Assets at Amortized Costs	588,563,087	597,921,939	578,491,241	587,732,520	Level 1&2
Total Financial Assets Not Calculated at Fair Value	1,552,024,434	1,570,721,868	1,522,054,073	1,541,325,416	
Liabilities Not Calculated at Fair Value					
Banks and Financial Institution Deposits	435,805,812	436,023,223	417,890,724	418,508,880	Level 2
Customer Deposits	1,040,099,945	1,043,840,888	986,300,056	988,920,404	Level 2
Cash Margins	65,764,046	65,802,529	63,830,095	63,943,400	Level 2
Borrowed Funds	-	-	37,500,000	37,500,000	Level 2
Total Liabilities Not Calculated at Fair Value	1,541,669,803	1,545,666,640	1,505,520,875	1,508,872,684	

The fair values of the financial assets included in level 2 and 3 categories above have been determined in accordance with the generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being that discount rate reflects the credit risk of counterparties.

48. Commitments and Contingent Liabilities (Off-Statement of Financial Position)

A. Contingent Liabilities:

	December 31,	
	2015	2014
	JD	JD
Letters of Credit		
Export	32,667,718	37,989,426
Import (Backed)	1,549,841	526,393
Import (Not Backed)	17,944,202	67,780,435
Acceptance		
Export / Letter of Credit	23,976,048	36,250,410
Export / Policies	8,780,863	11,697,287
Import (Not Backed)	11,936,669	12,013,290
Letters of Guarantee		
Payments	31,972,362	33,750,040
Performance	47,548,846	50,652,537
Other	33,702,925	36,727,539
Forward Contracts	11,664,293	50,400,340
Un-utilized Facilities	60,977,293	59,125,217
Total	282,721,060	396,912,914

B. There are contractual commitments to purchase fixed assets, or constructional contracts, that has an estimate value of JD 3.1 Million.

C. There are no guarantees provided against contractual obligations.

D. Operating and finance lease contracts.

The minimum capital lease payment is as follows:

	2015	2014
	JD	JD
Within One Year	935,998	1,298,319
Total	935,998	1,298,319

49. Lawsuits against the Bank

The lawsuits against the Bank amounted to JD 9,276,734 as of December 31, 2015 (JD 9,013,320 as of December 31,2014), which represents mostly lawsuits that clients have raised to respond to lawsuits that the Bank has raised against them. In the opinion of the Bank's lawyer, the Bank will not incur any significant amounts against these lawsuits, except for the booked provision which amounted to JD 127,000 as of December 31, 2015. Moreover, the amounts paid by the Bank against concluded or amicably settled lawsuits are taken to the consolidated statement of income upon payment.

50. Application of New and Revised International Financial Reporting Standards (IFRSs)

(50-A) New and revised IFRSs applied with no material effect on the financial statements:

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2015, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.

- Amendments to IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

(50-B) New and Revised IFRSs issued but not yet effective

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

	Effective for Annual Periods Beginning On or After
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 1 **Presentation of Financial Statements** relating to Disclosure initiative	1 January 2016
Amendments to IFRS 11 **Joint Arrangements** relating to accounting for acquisitions of interests in joint operations	1 January 2016

Amendments to IAS 16 **Property, Plant and Equipment** and IAS 38 **Intangible Assets** relating to clarification of acceptable methods of depreciation and amortization	1 January 2016
Amendments to IAS 16 **Property, Plant and Equipment** and IAS 41 **Agriculture** relating to bearer plants	1 January 2016
Amendments to IAS 27 **Separate Financial Statements** relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 **Consolidated Financial** Statements, IFRS 12 **Disclosure of Interests in Other Entities** and IAS 28 **Investment in Associates and Joint Ventures** relating to applying the consolidation exception for investment entities	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014) IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a- impairment requirements for financial assets and b- limited amendments to the Classification and measurement requirements by introducing a 'Fair Value through Other Comprehensive Income' (FVTOCI) measurement category for certain simple debt instruments. A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 **Financial Instruments: Recognition and Measurement**. The standard contains requirements in the following areas: • Classification and Measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. • Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. • Hedge Accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. • Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.	1 January 2018
Amendments to IFRS 7 **Financial Instruments: Disclosures** relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 **Financial Instruments: Disclosures** relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied

IFRS 15 **Revenue from Contracts with Customers** In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 **Revenue**, IAS 11 **Construction Contracts** and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: Step 1: Identify the contract(s) with a customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognizes when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	1 January 2018
IFRS 16 **Leases** IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019
Amendments to IFRS 10 **Consolidated Financial Statements** and IAS 28 **Investments in Associates and Joint Ventures** (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture	Effective Date Deferred Indefinitely

Management anticipates that these new and revised standards, interpretations and amendments will be adopted in the Banks consolidated financial statements for the year beginning 1 January 2016 or as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the consolidated financial statements of the Bank in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Bank financial statements for the annual year beginning 1 January 2018. IFRS 16 will be adopted at or after 1 January 2019 The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Bank financial statements in respect of revenue from contracts with customers and the Banks financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Bank performs a detailed review.

DOMESTIC AND INTERNATIONAL BRANCHES, OFFICES, SUBSIDIARIES, AND AFFILIATED BANK

GENERAL MANAGEMENT

AJIB Tower
Zahran Street - Sixth Circle
P.O. Box 8797 Amman 11121 Jordan
Tel: +962 (6) 5607126
Fax: +962 (6) 5681482
Reuters Dealing Code: AJIB
SWIFT: AJIBJOAX
Website: www.ajib.com
E-mail: info@ajib.com

BRANCHES

Al-Shmeisani Branch

Thaqafah Street. Building No. 7
P.O. Box 8797 Amman 11121, Jordan
Tel: +962 (6) 5607126
Fax: +962 (6) 5681482

Fifth Circle Branch

Fifth Circle – Zahran Street, Building No. 174
P.O. Box 925286 Amman 11190, Jordan
Tel: +962 (6) 5507000
Fax: +962 (6) 5507125

Corporate Branch - Fifth Circle

Fifth Circle – Zahran Street – Building No. 174
P.O. Box 925286 Amman 11190, Jordan
Tel: +962 (6) 5507000
Fax: +962 (6) 5526641

Dakhilieh Circle Branch

Khaled Bin Al-Walid Street, Building No. 224
P.O. Box 925286 Amman 11190, Jordan
Tel: +962 (6) 5607471
Fax: +962 (6) 5682047

Abdoun Branch

Abdoun
P.O. Box 925286 Amman 11190, Jordan
Tel: +962 (6) 5901100
Fax: +962 (6) 5920452

Bayader Wadi Al-Seer Branch

Al-Bayader - Main Street, Building No.14
P.O. Box 140375, Al-Bayader 11814 Jordan
Tel: +962 (6) 5815831
Fax: +962 (6) 5814516

Al-Wehdat Branch

Madaba Street, Building No. 288
P.O. Box 620905, Amman 11162 Jordan
Tel: +962 (6) 4751641
Fax: +962 (6) 4787996

Al-Madina Branch

King Hussain Street, Building No. 37
P.O. Box 6041, Amman 11118 Jordan
Tel: +962 (6) 4621942
Fax: +962 (6) 4657571

Tla'a Al-Ali Branch

Al-Madinah Al-Munawarah Street, Building No. 204
P.O Box 3541, Tla'a Al-Ali 11953 Jordan
Tel: +962 (6) 5517546
Fax: +962 (6) 5516892

Al-Jubeiha Branch

Yajouz Street, Manhal Center, Manhal Traffic Light
P.O. Box 8797, Amman 11121 Jordan
Tel: +962 (6) 5344743
Fax: +962 (6) 5342644

Al-Yasmeen Branch

Jabal Arafat Street, Building No. 15
P.O. Box 713100, Amman 11171 Jordan
Tel: +962 (6) 4209221
Fax: +962 (6) 4206752

Tabarbour Branch

Tariq Street
P.O. Box 279, Amman 11947 Jordan
Tel: +962 (6) 5058341
Fax: +962 (6) 5058356

Queen Alia International Airport Branch

Arrivals Building
P.O. Box 8797, Amman 11121 Jordan
Tel: +962 (6) 5200703
Fax: +962 (6) 5200702

Mecca Mall Branch

Ground Floor
P.O. Box 8797, Amman 11121 Jordan
Tel: +962 (6) 5866139
Fax: +962 (6) 5821943

Marj Al-Hamam Branch

Airport Road – Manaseer Gas Station
Tel: +962 (6) 5200720
Fax: +962 (6) 5200725

Zarka Branch

King Hussein Street, Building No. 22
P.O. Box: 2186, Zarka 13110 Jordan
Tel: +962 (5) 3931351
Fax: +962 (5) 3931354

Zarka Al-Jadedah Branch

Makkah Street 36, Al-Barakah Complex
P.O. Box: 2186, Zarka 13110 Jordan
Tel: +962 (5) 3869097
Fax: +962 (5) 3853240

Irbid Branch

Wasfi Al-Tal Street
P.O. Box: 970, Irbid 21110 Jordan
Tel: +962 (2) 7279661
Fax: +962 (2) 7279670

Aqaba Branch

Al Kurneesh Street - Next to Aqaba Castle
P.O. Box 1598, Aqaba 77110 Jordan
Tel: +962 (3) 2022830
Fax: +962 (3) 2022834

Cyprus Branch

Limassol - 23 Olympion Street
P.O. Box 54384, Limassol - Cyprus
Tel: (357-25) 351351
Fax: (357-25) 360151
Telex: 3809 - 4029 AJIBCY
SWIFT: AJIBCY2I

OFFICES

City Mall Office

Tel: +962 (6) 5822489
Fax: +962 (6) 5824305

Swefieh Al-Baraka Mall Office

Tel: +962 (6) 5814583
Fax: +962 (6) 5815429

Abdoun TAJ Mall Office

Tel: +962 (6) 5929956
Fax: +962 (6) 5932083

Four Seasons Hotel Office

Tel: +962 (6) 5540080
Fax: +962 (6) 5540884

Queen Alia International Airport Offices

- Departure
- Passports
- Transit
- Gates
- Crew Center

Tel: +962 (6) 5200703
Fax: +962 (6) 5200702

Marka Airport Office

Tel: +962 (6) 4883556
Fax: +962 (6) 4883557

Tala Bay Office – Aqaba

Tel: +962 (3) 2022877
Fax: +962 (3) 2022878

Al-Hussun Street Office – Irbid

Tel: +962 (2) 7245656
Fax: +962 (2) 7245663

Irbid National University Office

Tel: +962 (2) 7057392
Fax: +962 (2) 7057392

Al-Omari Exchange Office

Al-Omari Border Point
Telefax: +962 (5) 3838024

King Hussein Airport Office - Aqaba

Tel: +962 (3) 2022877
Fax: +962 (3) 2022878

Tripoli Representative Office

Tripoli - Libya
Tripoli Tower No.1 - Fourth Floor - Office No.45
P.O. Box 93598
Tel: (21821) 3351746
Fax: (21821) 3351747

SUBSIDIARIES AND AFFILIATED BANK

Arab Jordan Investment Bank (Qatar) L.L.C.

Qatar Financial Center Tower No.1, 17th Floor
P.O. Box 37563 Doha, Qatar
Tel: (+974) 4496 7338
Fax: (+974) 4496 7348
Website: www.ajib.com
E-mail: ajibq@ajib.com

The United Arab Jordan Company For Investment & Financial Brokerage

Housing Bank Complex - Fifth floor
P.O. Box 8797 Amman 11121 Jordan
Tel: +962 (6) 5652441
Fax: +962 (6) 5696156
Website: www.uajci.com

Arab Advisors Group

Hai Abdoun Al Shamali
Mawloud Mokhles Street, Building. No.11
P.O. Box 2374, Amman 11821 Jordan
Tel: +962 (6) 5828849
Fax: +962 (6) 5828809
Website: www.arabadvisors.com
E-mail: arabadvisors@arabadvisors.com

AFFILIATED BANK

Jordan International Bank Plc

Moreau House
116 Brompton Road
Knightsbridge
London SW3 1JJ, U.K.
Tel: +44 (0) 203 144 0200
Website: www.jordanbank.co.uk

AJIB

بنك الاستثمار العربي الأردني

General Management
AJIB Tower
Zahran Street - Sixth Circle
P.O.Box 8797 Amman 11121 Jordan
Tel: +962 6 5607126
Fax: +962 6 5681482
info@ajib.com
www.ajib.com