

بنك الإستثمار العربي الأردني  
ARAB JORDAN INVESTMENT BANK



AJIB

ANNUAL REPORT  
2014



# Our Priority Since 1978

Trust  
Continuity  
Transparency  
Teamwork

# Facts

**15.5%**  
Capital Adequacy  
Ratio

**37%**  
Total Equity Growth  
Rate

**41%**  
Efficiency Ratio

**46%**  
Assets Growth Rate

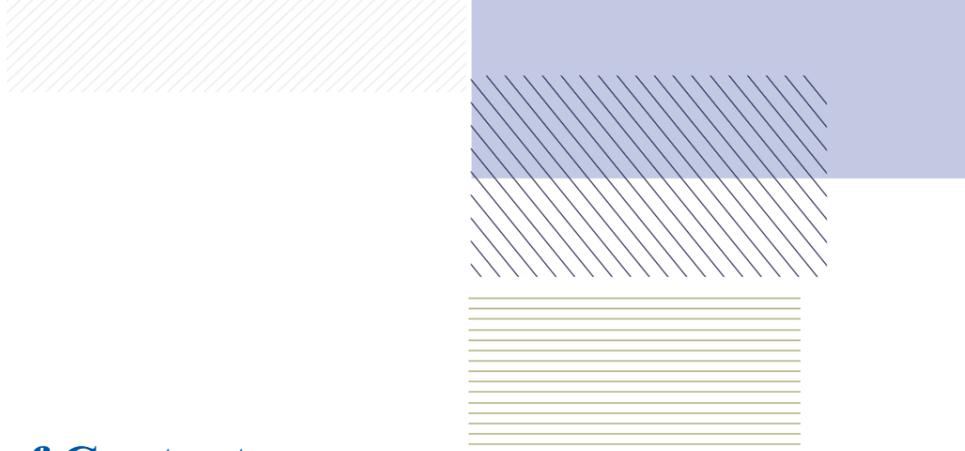
**150** Million JD  
Paid In Capital

**1050** Million JD  
Customer Deposits  
and Cash Margins

**24.4** Million JD  
Net Profit After Tax

**12.9%**  
Return on Average  
Shareholders Equity After Tax

**69%**  
Rate of Increase in  
the Number of Employees



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## Board of Directors

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**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

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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 services excellence and highly skilled employees.



## Chairman's Message

### Dear Shareholders,

On behalf of the Board of Directors and myself, it is my pleasure to present to you the Bank's 36th annual report, which includes the consolidated financial statements for the year 2014, in addition to notes on the financial statements and the Bank's recent achievements.

2014 was a landmark year for Arab Jordan Investment Bank (AJIB). We successfully completed the acquisition of HSBC Bank Middle East Limited banking operations in Jordan after competing with a number of local banks. The acquisition, considered the largest in the history of the Jordanian banking sector, has increased AJIB's assets and customers' deposits and rendered the Bank a medium-sized player in the local market.

The Bank completed all negotiations and concluded the sale and purchase agreements in early 2014. By mid-year, we had started the integration of acquired operations and branches into those of AJIB. This process was completed successfully in a record time, thanks to the efforts of the Board of Directors, senior executive management and all of AJIB's staff. This would not have been possible without the confidence and support of our valued shareholders. The Bank's capital was increased by JD 50 million in April 2014 through a rights issue in order to maintain a strong capital adequacy following the acquisition. In this regard, I am honored that the Bank's shareholders subscribed to more than 99% of the new shares, which reflects their trust and support for this bold move. Globally, we ended 2014 and started 2015 with a major development with significant economic implications, namely the fall in oil prices to below

USD 60. Analysts attributed the falling oil prices to the unwillingness of some GCC countries to reduce their production in order not to lose some of their market share to other oil producers impacted by new oil production in North America. The plunge in oil prices will also have a negative effect on the revenues and surpluses of GCC economies.

The plunge in oil prices dragged down inflation rates in Eurozone countries, pushing them into deflation and creating more economic problems for continental Europe. A major intervention by the European Central Bank (ECB) to support the Eurozone economies is expected through the launching of a quantitative easing program of European bond purchases, which has already been used successfully in the United States. Meanwhile, the U.S. economy was in a good shape in 2014 and is expected to remain so in 2015 with a relatively low unemployment rate.

The global economy grew by 2.9% in 2014 compared to 3.2% in 2013. It is expected to grow by 3.5% in 2015. Locally, the Jordanian economy continued to recover from the crises affecting it since 2011 as a result of higher energies prices and the so called Arab Spring affecting the region. It grew at a rate of 3% in 2014, compared to 2.8% in 2013. Inflation decreased to 3.2% in 2014 compared to 5.8% in 2013. The current account deficit continued to decline significantly despite the difficult external environment. It is worth noting that the ongoing conflict in neighboring countries places a heavy burden on the Jordanian economy as well as the disruption in gas supply from Egypt since mid-2013. Among the factors contributing to the Jordanian economic recovery is government control over public finances to bring them on a corrective path despite the continued deficit in the government budget and

the National Electric Power Company which continues to be subsidized by the government.

Regarding public finances, general revenues rose to JD 6.7 billion in 2014 compared to JD 5.6 billion in 2013, while general expenditures reached JD 7.6 billion in 2014 compared to JD 6.7 billion in 2013. As a result, the general budget recorded a deficit of JD 0.9 billion in 2014 compared to JD 1.1 billion in 2013.

Regarding the external trade sector, overall exports reached JD 5.9 billion in 2014 compared to JD 5.6 billion in 2013, while imports reached JD 16.1 billion in 2014 compared to JD 15.6 billion in 2013. Accordingly, the deficit in the balance of trade was about JD 10.2 billion in 2014 compared to JD 10 billion in 2013. Expatriates' remittances rose to JD 2.65 billion in 2014 compared to JD 2.58 billion in 2013.

The Central Bank of Jordan (CBJ) foreign currency reserves increased by USD 2.2 billion from USD 12 billion to USD 14.2 billion at a rate of 18.3% over the level registered at the end of 2013. It is worth mentioning that this level of reserves is sufficient to cover the kingdom's imports of goods and services for a period of 7.4 months. In 2014, AJIB continued to pursue a prudent policy in developing its business due to the regional political circumstances that affect the investment and economic environment 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 record after-tax profits of JD 24.36 million compared to JD 16.66 million in 2013,

a growth rate of 46.2%. The return on average assets before tax was 2.3% while the return on average total shareholders' equity was 17.8% before tax and 12.9% after tax.

Based on the excellent results achieved by the Bank during 2014, the Board of Directors recommended the distribution of a record cash dividend of JD 18 million to shareholders at a rate of 12% of the Bank's capital.

### 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 loyal customers and partners for their continued trust in our institution. I would like to welcome our new customers following the acquisition of HSBC Bank's operations in Jordan and thank them for continuing to do business with us. I also wish to thank all of AJIB's staff in all positions for their diligent efforts to improve our institution.

Last but not least, I would like to express AJIB's appreciation and thanks for the efforts of the regulatory authorities in Jordan, represented by the CBJ, to promote the services of this sector in financing all activities that achieve ongoing Jordanian economic growth without neglecting banking safety and security standards, in addition to implementing best-practice prudential standards to protect shareholders and depositors.

**Ibrahim Hammoud Al-Mazyad**  
Chairman of the Board of Directors

## The General Manager/CEO's Message

### Dear Shareholders,

2014 was full of noteworthy events for AJIB whether at the level of financial results and record profits achieved by the Bank during the year or the significant strategic steps undertaken regarding its acquisition of HSBC Bank Middle East Limited banking operations in Jordan.

AJIB completed the acquisition of the Jordanian operations and branches of the renowned Bank in a record time. The acquisition has enabled us to significantly expand our market share of deposits and facilities as the composition of our credit facilities portfolio was greatly complemented by the acquired portfolio. Whereas AJIB focused on public sector corporates, the acquired portfolio focused on the private sector, particularly well-established trading houses and major industrial groups. In addition, the acquired retail accounts belong mainly to high net worth individuals, a segment we always strive to attract.

In terms of financial results, the Bank achieved important results represented in the balance sheet growth. Total assets rose from JD 1.20 billion in 2013 to JD 1.75 billion at the end of 2014 with a growth of 46% (compared to 4.8% in the banking sector).

Customers' deposits and cash margins grew from JD 618 million in 2013 to JD 1050 million at the end of 2014 (70% compared to 9.7% in the banking sector). Net credit facilities increased from JD 377 million in 2013 to JD 698 million at the end of 2014 (85% compared to 2.1% in the banking sector) whereas the securities portfolio grew from JD 468 million in 2013 to JD 610 million at the end of 2014. The Bank's total revenues rose to JD 89.7 million in 2014 compared to JD 72.4 million in 2013, and finally the Bank's net profit before tax recorded a significant increase to reach JD 33.64 million, the highest in its history.

Furthermore, the Bank maintained the lowest non-performing loan ratio (after deducting suspended interests) among Jordanian banks at 2.8% and a high capital adequacy ratio at 15.5% (much 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 year. I also take this opportunity to welcome the staff of HSBC Jordan to the AJIB team.

**Hani Al-Qadi**  
General Manager/CEO



Queen Alia  
International Airport - 5 am



Taj Mall Branch - 6 pm

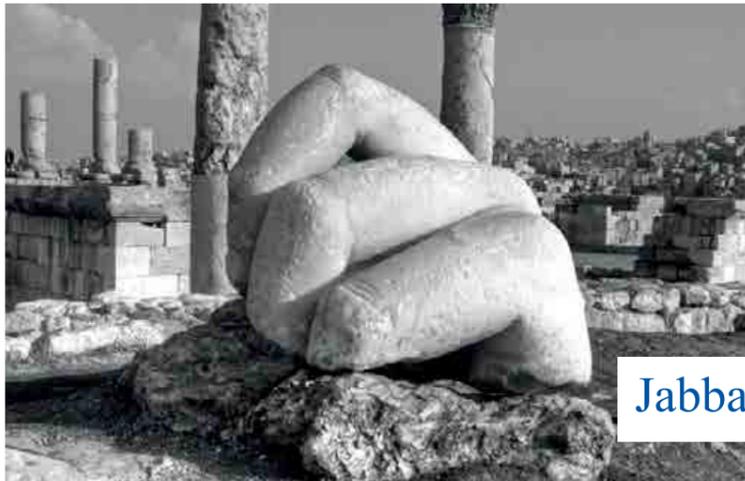
Al Wehdat Branch - 8 pm



Determination to achieve uniqueness and progress in banking services quality

# Continuity

Our Priority Since 1978



Jabbal Al Qala'a - 12 pm



Amman - 11 pm

## Our Achievements During 2014

### 1. Credit

**Corporate Banking Department**  
Arab Jordan Investment Bank (AJIB) has continued to provide its unique services to the business and corporate sectors during the year 2014 through a specialized team of professionals in the corporate banking department. The Bank was keen to direct its banking services and products towards a wide number of companies working in various targeted economic sectors and in a manner that ensures the diversification of its credit portfolio and the distribution of risks in addition to limiting the Bank's credit risk exposures.

As a result, the Bank's corporate banking department has provided its services to several companies working in the fields of trade, manufacturing, transport, power and infrastructure projects within acceptable risk levels.

It is worth noting that the acquisition completed by AJIB of HSBC Bank Middle East Limited banking operations in Jordan has contributed effectively to the expansion of AJIB's customer base, which has led to diversification in the commercial and economic sectors and consequently provided further risk diversification. This has positively impacted the quality of the Bank's credit portfolio.

#### **Retail Banking Department**

The year 2014 is considered to be an exceptional year for AJIB where it acquired HSBC's operations in Jordan. This has served in the growth of the Bank's market share in the Jordanian retail service market. Moreover, the retail facilities portfolio and the number of customers have increased due

to the growth of its current branch network through the opening of new branches.

AJIB has become one of the pioneering banks in the field of Credit Cards, ATMs, and Debit Cards through providing new and diversified types which include: Debit Cards, Visa Electron, MasterCard Debit Card; and Credit Cards including Visa Infinite, Platinum MasterCard and Visa MasterCard Gold cards and Visa Classic and MasterCard Standard cards. These cards aim at meeting the different needs of current and targeted customers and we are considered to be the largest selection offered by a Jordanian bank.

Moreover, the Bank currently provides "AJIB Prestige, AJIB Advantage and AJIB Value" services in four branches where each service provides unique and exclusive features for its customers. The services will expand to reach seven branches in 2015.

In 2015, the Bank will apply new and competitive fees and services to attract new customers. Furthermore, the Bank will deliver wealth management services as part of "AJIB Prestige" service, which gives customers an opportunity to discuss their savings' investment choices with customer relationship managers.

The Bank also seeks through its retail banking services to comply with sound credit policies and procedures during the coming year, in order to achieve its goals including the expansion of the Bank's customer base through developing its current products and marketing new ones, and achieving growth in the retail facilities portfolio while maintaining a high level of quality and stability.

### 2. Trade Finance Department

AJIB has made a giant leap in developing its trade finance services in terms of providing a personal service enjoyed by customers through understanding the companies' needs and fulfilling them in a timely manner through its qualified staff.

In pursuit of saving time and effort in addition to achieving the ambitions and aspirations of our customers, this service has become available to all our customers online through the Bank's website.

In addition, the Bank provides trade finance services to a broad range of new customers retained from HSBC's acquisition. This has significantly resulted in achieving a leading and competitive market position in Jordan.

### 3. Transfers Department

After completing the acquisition process of HSBC Bank Middle East Limited banking operations in Jordan in June 2014, the transfers department has witnessed rapid growth in addition to a remarkable development in delivering online transfer services and customer standing orders within all branches and offices. As a result, revenues of the transfers department have increased, where inbound and outbound transfers have approximately grown by 100% compared to 2013. This has reflected positively on the Bank and granted it a pioneering position among local and international banks operating in Jordan alike through implementing the highest compliance standards and monitoring anti money laundry operations, through applying new systems and keeping abreast of the latest developments

in transfer services such as direct transfers in accordance with the Central Bank of Jordan's guidelines. This has been achieved through a qualified team of professionals trained to serve the Bank's customers in all its branches and offices across the Kingdom in addition to a comprehensive network adopted by the Bank with Arab and international banks.

### 4. Deposits Department

The deposit services department deals in all different official currencies to elevate its professional level to meet varied and advanced customers' needs. Therefore, the Bank is committed to improve the skill-set of its customer service employees through enhancing their knowledge of all products and services provided by the Bank. The Bank will continue to improve its customer service officers' skills to keep up with all developments in the Bank as well as other banks regarding the quality and timely delivery of service.

The number of subscribers on e-channels provided by the Bank has increased particularly after performing enhancements to these channels. Furthermore, the effective participation of customer service officers in the merging process with all new branches has not compromised the services delivered to customers.

## 5. VIP Banking Department

During 2014, the VIP banking services department was able to continue delivering the highest quality of services and products to its VIP clients. Moreover, the Bank sought to keep abreast with the latest global developments within a framework of professionalism and confidentiality in addition to providing innovative banking solutions to the highest standards of efficiency, quality and accuracy that meet our clients' expectations and aspirations whom we are proud to serve.

## 6. International Investment Department

The international investment department is considered one of the leading departments, both locally and regionally, in the field of investment services. It is worth noting that the year 2014 was successful in terms of expanding our customer base despite the prevailing circumstances witnessed by the international credit market. The international investment department continues to offer its customers high quality investment solutions with attractive returns since the department has focused on companies with high credit ratings in addition to emerging markets that enjoy high profitability in resources as well as vital sectors that are not affected by the ongoing challenges faced by the credit markets such as health, mining, power and telecommunications sectors.

In addition, the department's outstanding expertise, wide customer base and competence are what distinguished it from its competition, and in turn placing it in its leading position. The international investment department offers its customers an integrated range of products and services in the field of investments, brokerage and custody services including trading in securities in

the leading regional and international markets which include stocks, bonds, sukuku, futures, currencies, options, and partaking in initial public offerings and underwritings in most global markets.

Furthermore, the international investment department adopts the latest technology and means of communication, which facilitates the timely transfer and availability of information in addition to offering the best and most accurate prices. The international investment department always seeks to provide the highest quality customer service, as well as continuously searching for and seizing the best opportunities that provide high-return investments.

## 7. Treasury Department

AJIB maintained its prominent role in the market particularly after the acquisition of HSBC Bank Middle East Limited banking operations in Jordan in mid-2014. The treasury department's operations has significantly expanded in terms of investment activities such as investing in fixed income instruments including government bonds, development bonds, treasury bill auctions and following up on all matters with the Central Bank of Jordan in their regard. Furthermore, the treasury department seeks to expand trading operations in the local and international bond markets for the benefit of the Bank's customers in the coming next year in order to meet their aspirations and objectives. In addition, the treasury department achieved significant growth in terms of revenues compared to 2013 as result of the management's execution of sound investment plans in addition to applying the most appropriate tools for managing assets and liabilities as well as market risk management

The department is also keen to follow up on interest rates with regards to the Jordanian Dinars and foreign currencies in money markets to make sound financial decisions with regards to short and long-term investments through the Bank's network of correspondent banks in various parts of the world. In addition, the department studies the market in a comprehensive manner in order to understand future interest rates on customers' deposits in Jordanian Dinars as well as foreign currencies. The treasury department is in charge of the Bank's liquidity management in a manner that complies with the Bank's prudent policies and the regulations of the Central Bank of Jordan.

The treasury department continues to provide various, best-in-class services for all the Bank's customers in money markets, capital markets, foreign currencies and precious metals markets through a wide range of products and different investment tools that offer appropriate solutions to hedge against price fluctuations in the financial markets. The treasury department kept abreast with the economic and financial developments of 2014 through closely monitoring local, Arab and international markets. This has in turn placed the department as an essential reference for the Bank's customers in terms of benefiting from its different reports and economic analysis that has been issued. Hence, the number of customers' financial derivative contracts executed in 2014 has grown significantly such as forwards, swaps in all its forms as well as options.

## 8. Cards and ATM Department

After successfully completing the acquisition process of HSBC's operations in Jordan, the biggest challenges faced by AJIB was replacing credit cards for all new clients at the

new branches (which had reached tens of thousands) and distributing them to customers. This entire process was completed in a record time due to the collaborative efforts of all the stakeholders. In addition, agreements were signed with MasterCard to assist the Bank in replacing the MasterCard cards of its customers at its newly acquired branches and to issue MasterCard cards to clients of AJIB as the Bank did not issue MasterCard cards prior to the acquisition.

The acquisition process also entailed changing all cards for customers at the new branches from conventional cards with magnetic strips to smart cards that include chips, since the latter card is considered to have the most secure features. The Bank has diversified its credit card portfolio to include the best, most widespread and accepted cards including Visa and MasterCard. In addition, programs have been designed for these cards to meet all the customer's requirements based on their preferences with regards to repayment.

Furthermore, additional services were provided to the holders of Visa Infinite card and MasterCard Platinum card, which include access to most VIP airport lounges in the world as well as other privileged benefits.

In pursuit of the Bank's objectives to provide round-the-clock services including public holidays, the Bank enhanced its network of ATMs with new modern and advanced machines. Accordingly, the number of machines has increased from 33 to 60 machines spread across key areas in the Kingdom. In addition, customers are able to use the cash deposit service through some ATMs when they are unable to directly deposit in the branches during official working hours.

As for 2015, the Bank has various plans and projects which shall be implemented over the next year. These plans and projects will focus on providing additional services to Visa and MasterCard cardholders and increasing the number of ATMs to cover broader areas in the Kingdom in addition to activating the transfer service by VISA Electron which enables the cardholder within Jordan to receive transfers to his card account outside Jordan.

#### **9. Exchange Bureaus**

With the inauguration of the new terminal at Queen Alia International Airport, AJIB rebranded its bureaus which are spread exclusively across the airport terminals in order to provide banking services to all arriving and departing passengers in a unique manner.

The overview of our future banking services has prompted the Bank's management to change one of its foreign exchange bureaus to a branch that provides comprehensive banking services such as opening accounts in addition to granting facilities, personal and housing loans and issuing various types of credit cards to staff working at Queen Alia International Airport.

Moreover, based on our belief of the importance of providing banking services around the clock, the Bank has increased its ATM network at the airport to reach 12 machines, which allows credit card holders of all types (Visa, MasterCard & American Express) to withdraw cash regardless of the issuing entity of the card whether inside or outside Jordan.

In addition, after the renovation of King Hussein International Airport in the city of Aqaba, a new bureau was opened in the airport with ATM service.

#### **10. Information Technology Department**

The information technology department has positively contributed to the successful acquisition of HSBC Bank Middle East Limited banking operations in Jordan in an effective, smooth, and swift manner compared to the size of this acquisition. This is primarily due to the department's expertise, competence and up to date systems which played a significant role in its success. The department has worked, in record time, to expand the infrastructure of its operating systems as well as the Bank's network. It has also purchased ATMs, servers and modern communication equipment to support this acquisition in addition to developing the mechanisms and programs to transfer information onto the Bank's systems accurately and seamlessly. Furthermore, the department has developed and expanded the Bank's online services and systems related to the cards as well as other systems as another way to support this acquisition through providing technical services. In addition, the information technology department implemented several important projects during 2014 aimed at developing the work environment at the Bank to keep abreast with the latest developments and technologies in the banking industry which reflect positively on the level and quality of service provided to customers. The projects included the upgrade of ATMs and the continuous development of the DRC equipped with the latest hardware and technologies, which seeks to guarantee the continuity of providing banking services

to customers in the event of emergencies. Furthermore, work is still under progress in terms of upgrading the infrastructure of the Bank with the latest hardware and relevant equipment, developing and upgrading e-banking services in addition to updating the systems at airport branches to be able to provide the latest advanced services. The information technology department has also worked to expand the Bank's ATM network through monitoring and supervising ATMs around the clock and offering new MasterCard services. Last but not least, the department has developed and added new systems to support corporate banking services.

#### **11. Administrative, Human Resources and Training Department**

The acquisition of HSBC Bank Middle East Limited banking operations in Jordan constituted a great challenge. However, the Bank succeeded in achieving its vision and objectives in making the transition process as smooth as possible for its customers and employees. The human resources department played a vital role during that period where it provided training courses to the retained HSBC staff in order to ensure a smooth transition process. This has in turn enabled the retained HSBC staff to engage in the new work environment and get acquainted with their peers and colleagues in addition to the general work processes in a seamless manner. The human resources department exerted great efforts in attracting and retaining the required necessary competencies to provide the services once offered by HSBC Bank inside and outside the Kingdom.

During 2014, the administrative and human resources department has continued to support its employees and instill a sense of belonging within the framework of the Bank's general corporate policy while emphasizing the development of staff's theoretical and practical competencies and skills in their various fields and banking areas. The Bank's management exhibited interest in developing its staff's skills and competencies through enrolling them to attend seminars and training courses related to banking services through arranging several training courses and activities during 2014. It is worth noting that the number of employees reached 798 at the end of 2014 whereas the number of employees prior to the acquisition stood at 425. The training department has continued to fulfill its role by providing various training programs during 2014 with the support and supervision of top management. As result of this support, in addition to the efforts exerted by the department itself, all set objectives were achieved and in turn has resulted in the development of the Bank's competencies in all fields.

More than 360 participating managers and department heads and staff in the Bank's branches across the kingdom have attended training courses, seminars, conferences and workshops, in which a total of 83 in-house and local training courses were held.

#### **In-house workshops include:**

- A workshop on "Foreign Account Tax Compliance Act (FATCA)" was held from 22/3/2014 – 14/6/2014 for all departments, branches and offices' employees.

- English language courses held in Uni-House training academy.
- Various courses held in the Institute of Banking Studies and Association of Banks, General Union of the Banks Insurance & Auditing Employees and other training centers and institutes.
- Tests were conducted for 186 job applicants. Also, 30 new employees have been tested prior to full employment after the probation period.
- Seven students from different Jordanian universities have participated in the summer program “Darreb” organized by “LOYAC” institute in 2014.
- 30 interns from different Jordanian universities were trained as part of their university requirement.
- Several training courses were conducted for newly hired employees to introduce them to the work procedures adopted by the Bank’s various departments.
- Training programs were conducted on delegate employees that have been sent by financial institutions from Arab countries.

## **12. Retail Branches and Offices Network**

In line with the Bank’s future plans with regards to expanding its branch network across the kingdom, AJIB has added four new branches, as result of the acquisition, into its current network, which have complemented the Bank’s presence in strategic locations. Furthermore, the Bank opened a foreign exchange bureau at King Hussain International Airport in Aqaba in addition to a new branch in Marj Al Hamam to serve a significant portion of the population in that area.

In addition, AJIB has acquired HSBC’s ATMs in Jordan. Hence, the geographical distribution of the existing and new branches, coupled with the expanded ATM network, shall serve our clients and facilitate their access to our banking services wherever they are.

By the end of 2014, the number of the Bank’s branches, offices and ATMs has reached 20, 15 and 60 respectively.

## **13. The Bank’s New Head Office Building**

The execution of the third package of the Bank’s new state of the art headquarter building has continued throughout 2014, specifically finishing and electromechanical works. The new head office building is located on the prestigious Zahran Street next to the Sixth Circle in Amman, with a total area of 30,000 square meters. The new building includes the general management offices and the main branch of the Bank in addition to two services basements floors and a further four basement levels for parking.

The finishing and electromechanical works in the new building have continued throughout the current year on all floors respectively. Construction works included building the exterior stone cladding of the main building, aluminum and glazing works of the elevations in addition to placing wood paneling and lighting to the multi-purpose hall. In addition, interior finishing works included internal solid walls and glazed partitions, marble tiling to floors, walls and stairs in addition to installation of standard, steel and fire-rated doors and all types of ceilings and blinds.

Furthermore, the electrical works have continued, which included the installation of networks and lighting systems, surveillance systems (CCTV), alarm systems, internet, main and sub-electrical panels, main and sub-power cables in addition to wires related to all systems and equipment. Moreover, the contractor has begun installation of elevator doors and rooms in the building and the building maintenance unit on the roof for cleaning of the exterior glazing. In addition, work is under progress to complete the installation of machines, equipment, ventilation ducts, HVAC systems, water tanks, sewage, rainwater and firefighting systems.

The Bank is making final arrangements for purchasing of the office furniture which shall be installed at an appropriate time to facilitate occupancy of the new building by staff during the second half of 2015. This new building will become a key architectural landmark in Amman serving its customers in a professional and comfortable environment.

## **14. Cyprus Branch**

The banking sector in Cyprus is gaining momentum towards achieving stability and building confidence in the financial system of Cyprus. This is evidenced by the positive results achieved by Cypriot banks after recently subjecting them to stress tests by the European Central Bank. Local banks have responded positively to the stringent quality controls imposed on its assets, thereby enhancing the resilience of the Cypriot banking sector. It is worth mentioning that Moody’s, the international credit ratings company, has recently raised the rating of Cyprus government bonds to B3, with a stable future outlook.

AJIB’s branch in Cyprus has managed to overcome the crisis in Cyprus in a successful manner, following the events of 2013, through taking all the necessary measures to guarantee liquidity and customer service without any obstacles.

Furthermore, AJIB’s branch in Cyprus has continued to provide its clients with various financial services, using the latest banking technologies, in order to meet customer’s needs. It should be noted that the Bank’s non-resident customers are not subject to any restrictive measures, and are able to transfer their money freely in and out of the country without any restrictions. Restrictions on residents are expected to be entirely lifted in 2015.

Moreover, the Cyprus branch is currently working on several different projects where it shall provide new services to its customers, such as on-line banking services.

#### **15. AJIB Representative Office in Tripoli - Libya**

The representative office has continued to market AJIB's services in the Libyan banking sector and for all the Bank's customers residing in Libya despite the difficult security environment in the country. In addition, new customers were attracted through conducting personal marketing calls to introduce the Bank and explain the mechanism through which our banking transactions are facilitated by our staff.

Moreover, the office was keen to strengthen its ties with the banking sector and various financial institutions in Libya and sought to enhance and support its network and relations with the Libyan banking sector, institutions, private companies and individuals. In addition, the office contributed in following up on operations and services related to the Bank's head office and branches and responding to all inquiries.

#### **16. The United Arab Jordan Company for Investment and Financial Brokerage**

The company has continued to deliver services in the fields of buying and selling stocks in the Amman Stock Exchange in addition to local bonds and providing an ideal and comfortable environment to its VIP customers. During 2014, the company's trading volumes indicated progress due to the slight improvement in stock prices and trading volumes in Amman Stock

Exchange. Furthermore, the free float weighted index has reached 2165.5 points at the end of 2014 compared with 2065.8 point at the end of last year, with an increase of 4.82%. Total trading value in Amman Stock Exchange during 2014 has reached JD 2.2 billion, compared with JD 2.4 billion in the previous year. The number of shares traded declined during 2014 to reach 2.3 billion shares through 956,000 transactions, compared with 2.5 billion shares traded during 2013 and carried out through 1,074,000 transactions. Stock turnover ratio has reached 32.8% compared with 37.8% in 2013.

#### **17. Arab Jordan Investment Bank (Qatar) L.L.C**

The non-oil sector in Qatar has witnessed significant growth in recent years supported by the government through the execution of its programs investing in infrastructure, education and healthcare. Hence, Gross Domestic Product (GDP) in Qatar has increased during 2014 by approximately 6% on an annual basis due to the significant growth witnessed by the non-oil sector. With the sharp decline in oil prices during 2014, reports have indicated that the Qatari economy will most likely not be negatively impacted by this decline, since Qatar does not heavily rely on oil in financing its annual budget but instead relies on revenues of liquefied petroleum gas which are based on long-term contracts and semi-fixed prices. Thus, the Qatari economy will continue to grow, particularly with the diversification of income sources policy pursued by the state.

The investments in the infrastructure of the State of Qatar, in order to support the increasing diversification in its economy, have resulted in creating positive market conditions for banking services. Hence, the Bank's momentum has continued in its ninth year achieving positive financial results in addition to significant growth in the Bank's balance sheet, as a result of financing companies and high net-worth individuals coupled with an increase in the Bank's customer deposits. In addition, the Bank has continued to expand its market share, attract various selected customers and grant credit facilities for various economic sectors within and outside the State of Qatar. Furthermore, the treasury department continued to manage liquidity, market risks in addition to the investment portfolio owned by the Bank in an efficient and effective manner. It has also strengthened its relationships with local, regional and international banks. In pursuit of serving and communicating with Jordanians residing in Qatar, the Bank has hosted the Jordanian Social Security Corporation delegation in 2014 and organized an orientation session with regards to the new Jordanian Social Security law in addition to the optional subscription. The meeting was attended by a large number of members from the Jordanian community residing in Qatar. It is worth mentioning that the Bank is currently working to join Qatar Credit Bureau to provide accurate and sound credit information, thus reducing credit risk and increasing efficiency.

#### **18. The Arab Advisors Group (AAG)**

Arab Advisors Group, member of the AJIB Group, is a private shareholding company. One of its most important objectives is conducting research studies focused on communications, media, technology and financial markets. Arab Advisors Group's scope of services includes providing feasibility studies, corporate and individuals' financial analysis as well as investment in financial securities. The company offers market research studies in 19 Arab countries.

By the end of 2014, the total number of companies subscribing to the communications strategic research service has reached 48, while those subscribing to the media strategic research service have reached 17. During 2014, the company also completed a number of key consultancy projects in Jordan, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates, Egypt, Morocco, Yemen, Lebanon and Iran as well as some African countries, coupled with several consulting projects executed in several telecommunications and Arab media companies. It is worth noting that during 2014, the company issued 463 reports as follows:

331 reports in the communications sector, 130 reports in the media sector and two reports in the banking sector. These reports included a total of 34 reports related to Qatari companies in the fields of communications, media and banking.

Furthermore, the company held its annual 11<sup>th</sup> conference on integration of telecommunications and media. The conference was a great success and was attended by more than 500 attendees from around the world. Big international communications as well as media companies have attended the conference as well. The company shall hold its 12<sup>th</sup> conference in June 2015.

#### **19- Jordan International Bank/London-United Kingdom**

Jordan International Bank/London-United Kingdom (JIB) is an affiliate of AJIB, in which the Bank owns 25% of its capital. The bank has continued to develop on all fronts since AJIB's co-acquisition in 2010.

The Bank has continued to prudently expand its granting of loans to real estate developers in Central London and its prominent outskirts, in which this sector has exhibited low risks. The Bank has also continued to provide various trade finance services, private banking services and treasury services to a range of select retail and corporate segments. The Bank's pre-tax operating profits have reached £6.2 million during 2014 compared to £4.2 million during 2013, achieving a growth rate of 48%.

Increasing the Bank's lending to real estate developers in London was the main reason behind such revenue growth, which increased by 65%, compared to last year. JIB believes that there continues to be a large increase in the demand for this type of service. During 2014, the Bank launched a new deposit service for customers residing in the United Kingdom, which was a great success and has led to an increase in retail deposits by 140% compared to the previous year.

In addition, the bank's balance sheet has grown from £260 million at the end of 2013 to £342 million at the end of 2014. Furthermore, the Bank's capital increased from £45 million to £55 million by the end of 2014, which indicates the strong support exhibited by the Bank's shareholders. This capital increase shall expand the Bank's financing activities and in turn its profits.



## Business Plan Objectives for 2015

- To enhance the Bank's capabilities and competitiveness in the local market by adding new services provided through ATMs, in order to meet the needs of the largest number of client segments dealing with the Bank. In addition, the Bank shall increase the number of ATMs to cover broader areas in the Kingdom including border crossings providing cash withdrawals services to tourists, businessmen, and all visitors to the Kingdom.
- Continue focusing on the individual and retail sector by offering innovative banking products and services that meet the needs of individuals and small enterprises with a commitment to achieving the highest standards of quality in service performance.
- Maintain the Bank's role in adopting the latest technologies and means of communication in banking services and management. This shall be facilitated through smart phones and the Internet, which play a significant and effective role in meeting customers' banking needs from the convenience of their homes or workplaces.
- Continue strengthening the Bank's network by opening further branches and offices which shall provide key support for the various activities of the Bank at all levels.
- To develop, update and strengthen the Bank's human resources capabilities and information technology systems, leading to a significant and tangible improvement in the services provided to customers, both in terms of speed and efficiency.
- The Bank will see the completion and hand-over of the new head office building. This shall be occupied in accordance with a comprehensive transfer plan that will ensure a smooth and comfortable transition process for both clients and employees alike.





Amman Four Season  
Hotel - 10 am



Mecca Mall Branch - 6 pm

Al Zarqa Branch - 8 am



Long term relationship that improves loyalty

# Trust

Our Priority Since 1978



Amman - 11 pm



Biader Branch - 12 pm

## A Summary of Key Financial Indicators for AJIB Group

JD Million

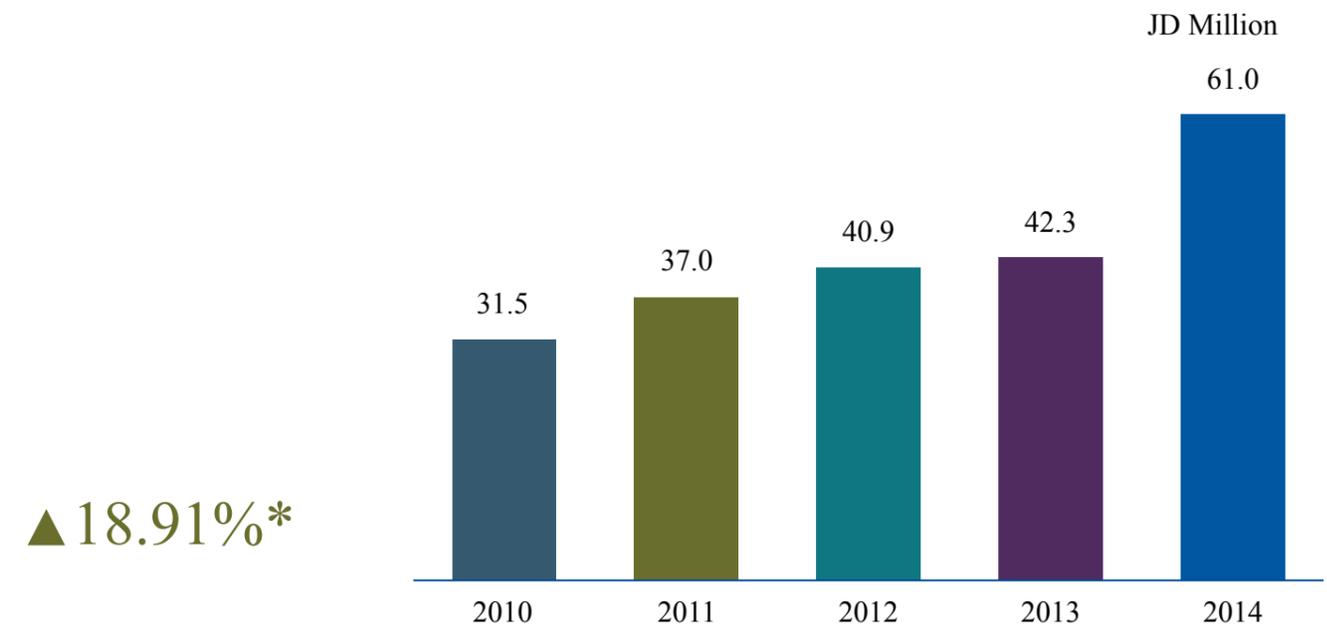
Statement/ Year	2010	2011	2012	2013	2014
Total Assets	871.2	927.3	1032.9	1198.7	1750.2
Credit Facilities (Net)	323.8	332.2	391.9	377.3	698.1
Financial Assets Held at Amortized Cost	22.6	333.2	331.1	438.9	578.5
Customers' Deposits and Cash Margins	548.5	570.8	598.3	617.9	1050.1
Total Equity	129.3	129.8	155.1	159.5	218.5
Gross Income	31.5	37.0	40.9	42.3	61.0
Net Profit Before Tax	15.8	16.4	20.3	22.2	33.6
Net Profit After Tax	11.8	11.9	15.0	16.7	24.4

### Analysis of Operational Results

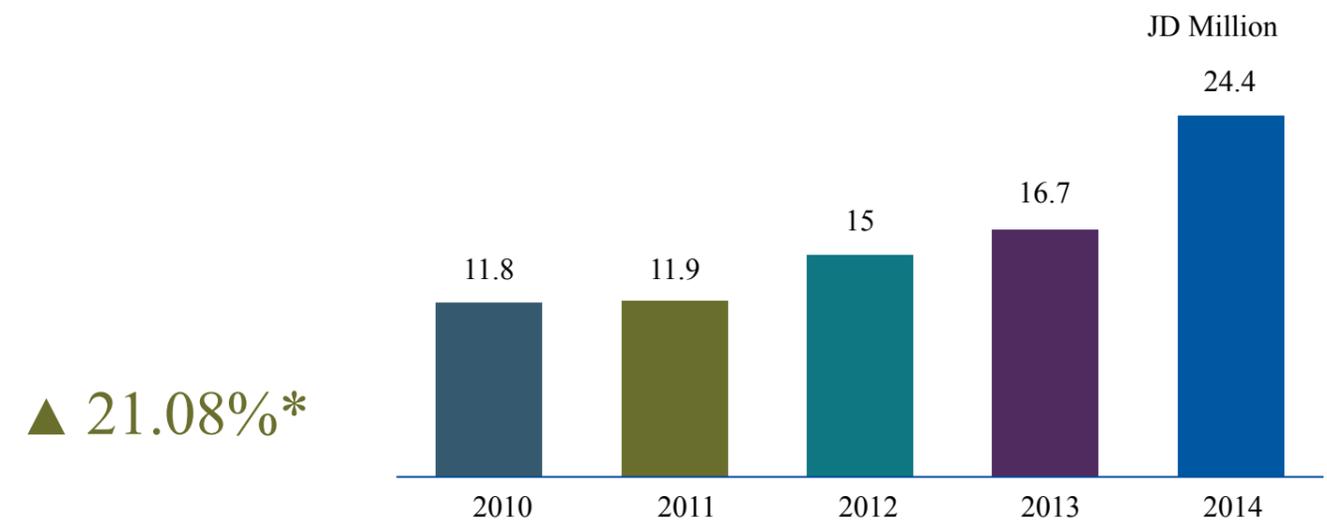
By the end of 2014, the Bank achieved before-tax profits of JD 33.6 million compared to JD 22.2 million in 2013, a growth rate of 51.4%. In addition, after-tax profits amounted to JD 24.4 million compared to JD 16.7 million in 2013, a growth rate of 46.2%. This has strengthened the Bank's capability in optimizing its available sources of funds within acceptable and calculated risks. It is worth noting that the growth achieved by the Bank was realized through the support of its main operational activities, particularly after the acquisition of HSBC Bank Middle East Limited banking operations in Jordan at mid-year, most important of which are highlighted as follows:

- Total revenue increased from JD 42.3 million at the end of 2013 to reach JD 61.0 million in 2014, achieving a growth rate of 44.2%. This growth rate is attributed to an increase in interest income and net commission income by JD 15.3 million and JD 2.9 million respectively.
- Non-interest income (net commission income, gain from foreign exchange, gain from financial assets, Bank's share gain in associate company, credit card fees and other income) reached JD 15.3 million, with an increase of JD 2 million and a growth rate of 15% when compared to JD 13.3 million in 2013.
- Non-interest income constituted 25.1% of gross income at the end of 2014, which strengthens the Bank's ability to diversify sources of income and refrain from relying on interest income especially since this type of income is at no cost.
- The efficiency ratio (operating expenses' ability to generate revenue) has reached 41%. This is considered to be among the best in the Jordanian banking sector, which averaged at 45%.
- The impairment loss provision on direct credit facilities which face inconsistencies with regards to clients' commitment to their repayments schedules, reached JD 1.67 million at the end of 2014 compared to JD 1.35 in 2013.

## Continuous Growth in Gross Income



## Steady Growth in Net Profits after Tax



\* This percentage represents the average annual growth rate from 2010 to 2014.

## Total Operational Costs

In line with the Bank's Mission Statement, which states: "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 services excellence and highly skilled employees", we have invested in human capital and technology in addition to expanding our branch network to achieve high level of customers

satisfaction as well as fulfilling our business partners' requirements. Hence, we have witnessed a calculated increase in operational costs necessary for ensuring future profits in addition to operational costs related to HSBC's employees and branch operations in Jordan, which was acquired in mid 2014. On the other hand, necessary controls were imposed to manage costs whenever possible.



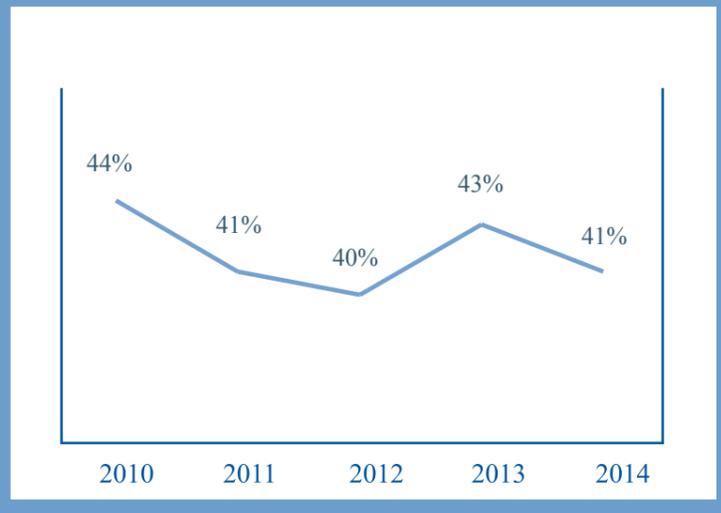
\* This percentage represents the average annual growth rate from 2010 to 2014.

## Efficiency Ratio

(Operational Cost/Gross Income)

This ratio measures the ability of operational costs to generate revenues, where operational revenues growth rates are greater than operational costs growth rates. A decline in this ratio indicates effective management of operational costs. Clearly the Bank manages its operational costs efficiently in a manner that guarantees generating revenue, as indicated by the graph. It is worth mentioning that the average efficiency ratio in the Jordanian banking sector reached 45%.

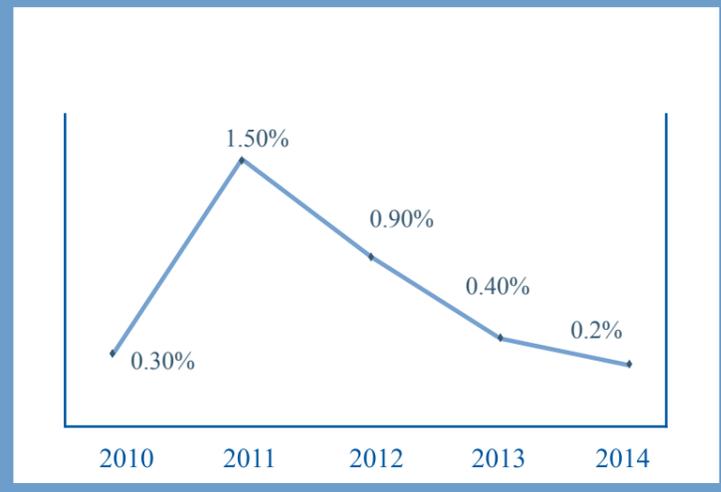
### Operational Efficiency Ratio



## Provision for Direct Credit Facilities

For the second consecutive year and as a result of its prudent management of credit facilities portfolio in addition to diversifying its risks, the Bank has succeeded, amidst the prevailing financial crisis and its negative impact on the Jordanian economy, in reducing provisions for direct facilities through a dedicated team of professionals that diligently manage such loans. Therefore, impairment loss provisions on direct credit facilities reached JD 1.67 million at the end of 2014, compared to JD 1.35 million in 2013. This indicates the Bank's objective in effectively managing its non-performing loans portfolio and safeguarding its high quality credit portfolio in accordance with the best common banking practices.

The following graph shows the ratio of impairment loss provisions on direct credit facilities to the total credit portfolio balance.

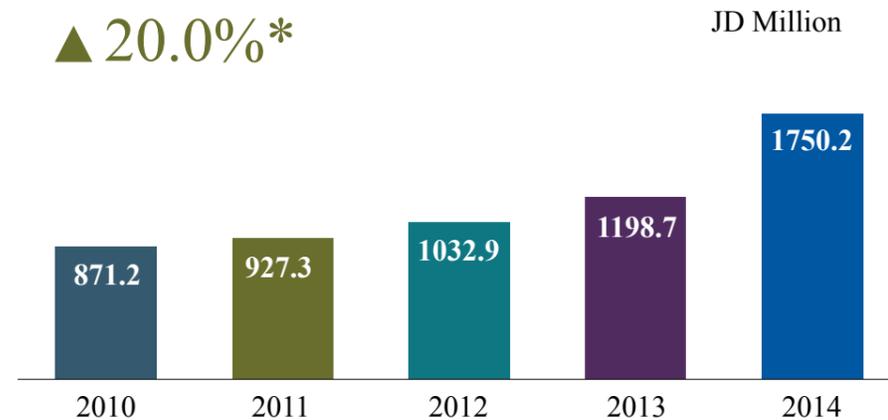


## Analysis of the Financial Position

As a result of the successful acquisition of HSBC Bank Middle East Limited banking operations in Jordan, assets witnessed a sharp growth of 46% in 2014, reaching JD 1.75 billion compared to JD 1.2 billion in 2013.

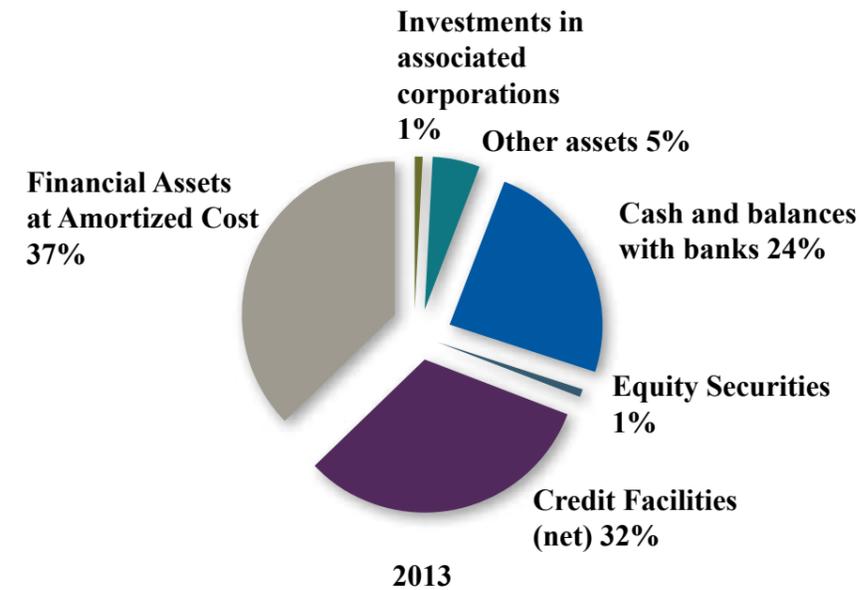
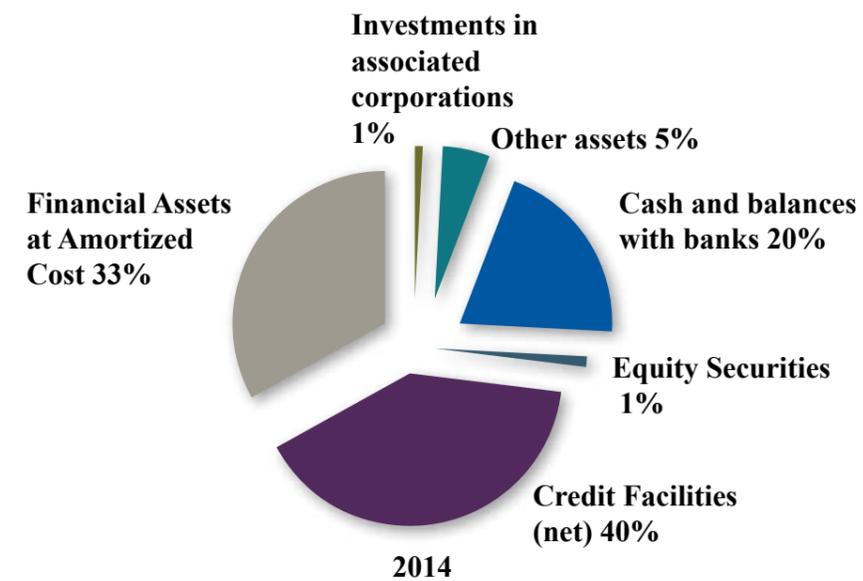
An active assets and liabilities management policy is implemented to ensure profitable returns to our main stakeholders (shareholders, customers and employees) within targeted and acceptable levels of risks.

The Bank achieved a growth rate that exceeds the average growth rate in the Jordanian banking sector which amounted to 4.8% in 2014.



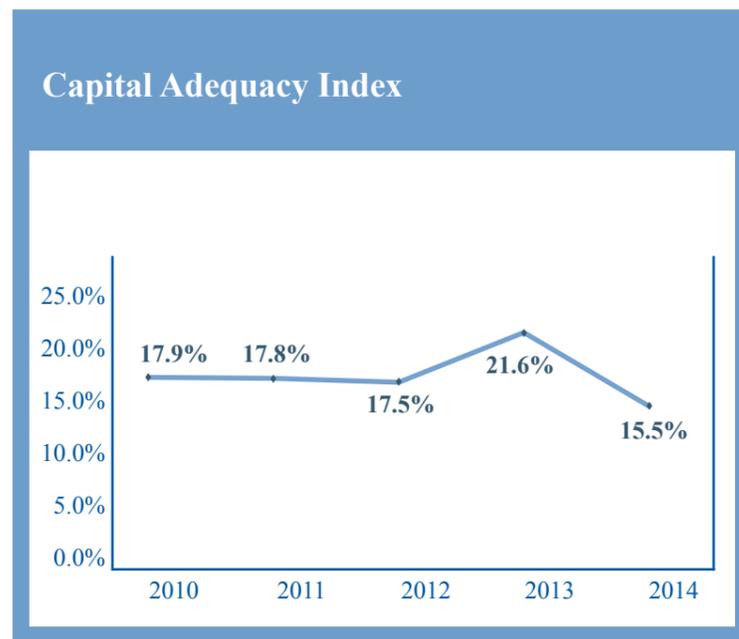
\* This percentage represents the average annual growth rate from 2010 to 2014.

## Balanced Composition of Assets Indicates Strong Financial Position



## Capital Adequacy

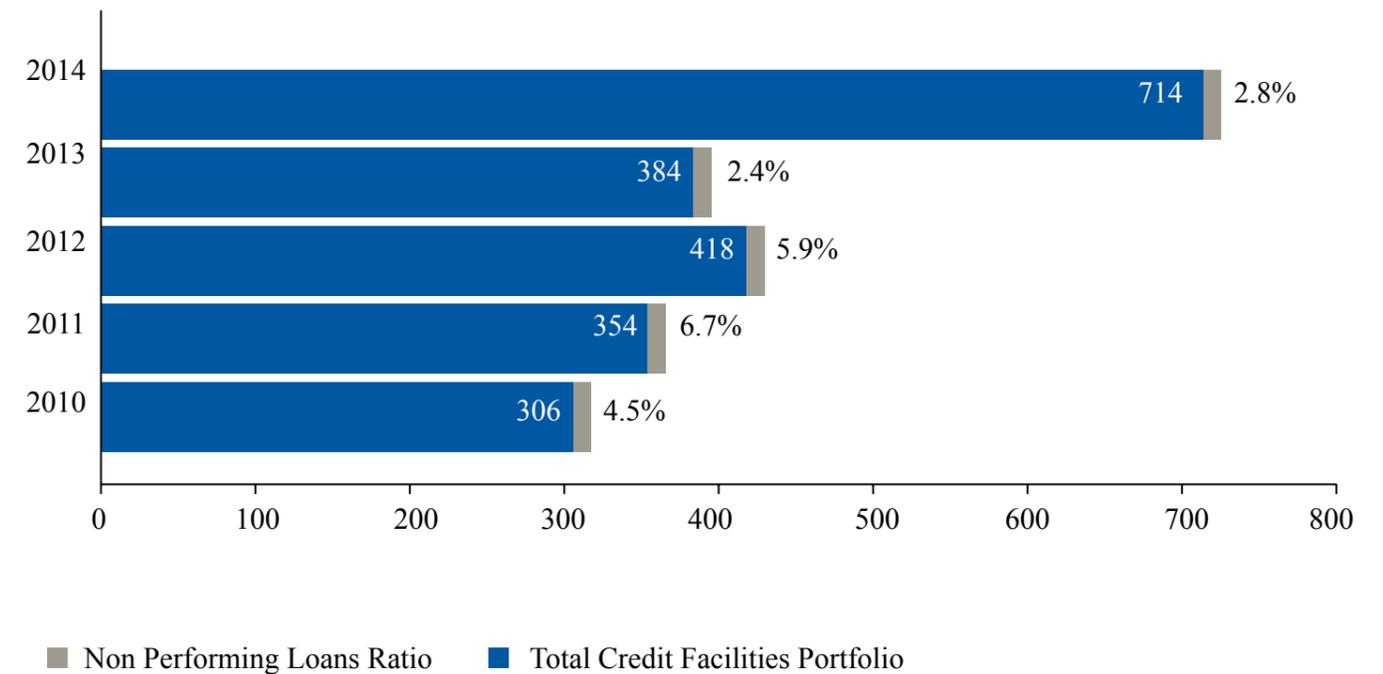
- The Bank has successfully increased its paid in capital from JD 100 million to JD 150 million through a rights issue, which is considered a turning point in AJIB's history, in order to support risk assets that were acquired from HSBC in Jordan.
- The capital adequacy ratio has significantly surpassed the minimum 8% required by Basel Committee, as well as the minimum 12% required by the Central Bank of Jordan, amounting to 15.5% in 2014.



## Total Credit Facilities Portfolio

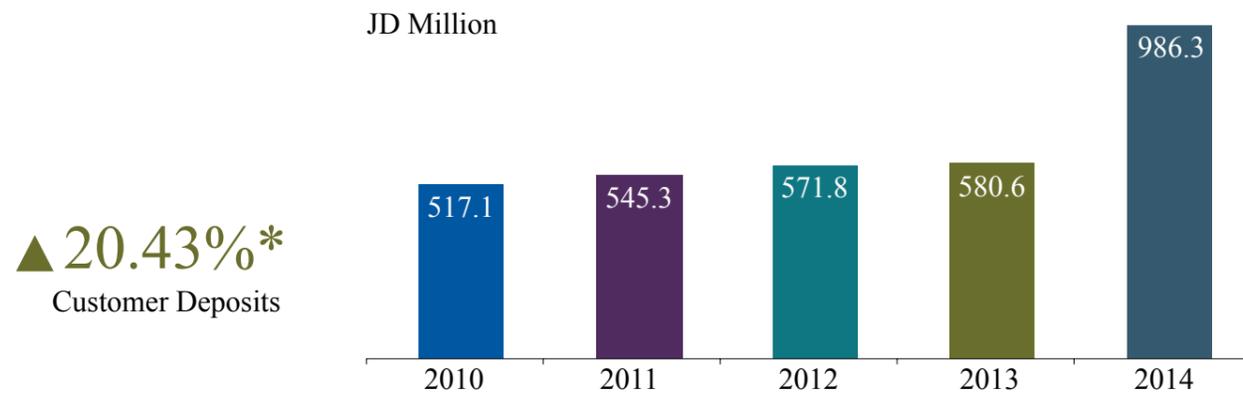
The Bank sought to exert all its efforts in improving the quality of its credit portfolio by implementing two strategic pillars: pursuing a prudent and selective credit policy in granting facilities, and intensifying its efforts in collecting and processing non-performing loans particularly with

regards to the credit portfolio acquired from HSBC in Jordan. As a result, total gross credit facilities reached JD 714 million compared to JD 384 million at the end of 2013. Furthermore, the Bank maintained one of the lowest non-performing loan ratio (after deducting suspended interests) among Jordanian banks at 2.8% compared to the average at 7%.



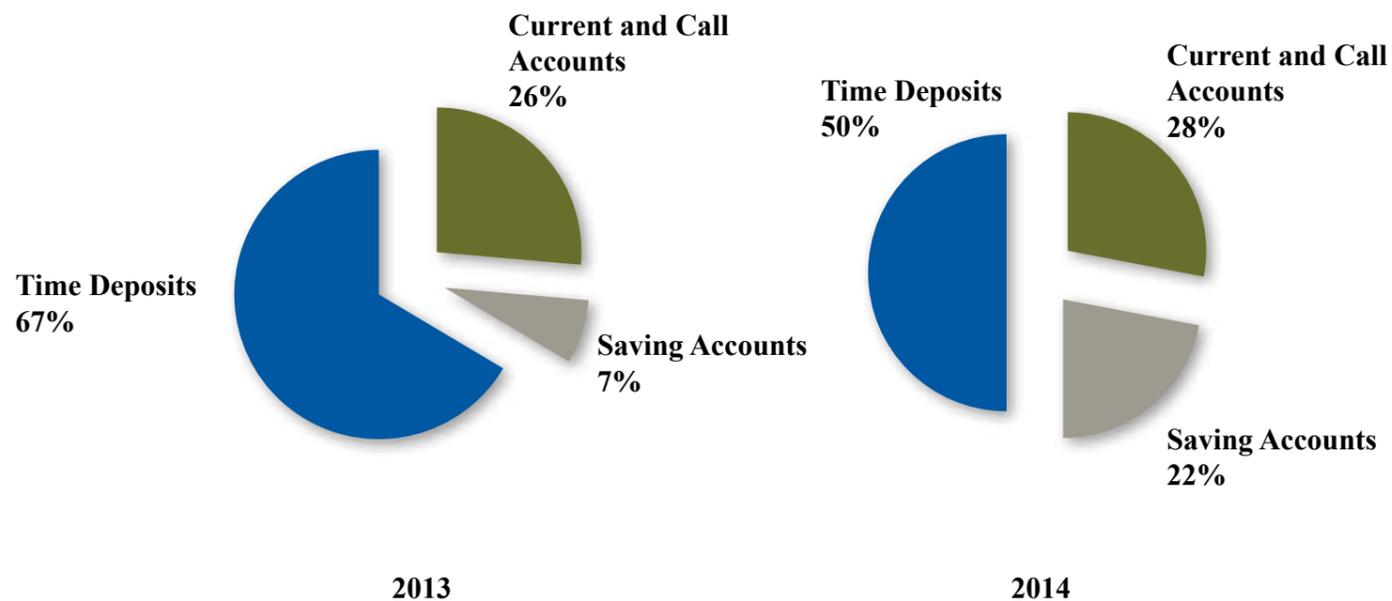
## Evolution of Customers' Deposits

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



\* This percentage represents the average annual growth rate from 2010 to 2014.

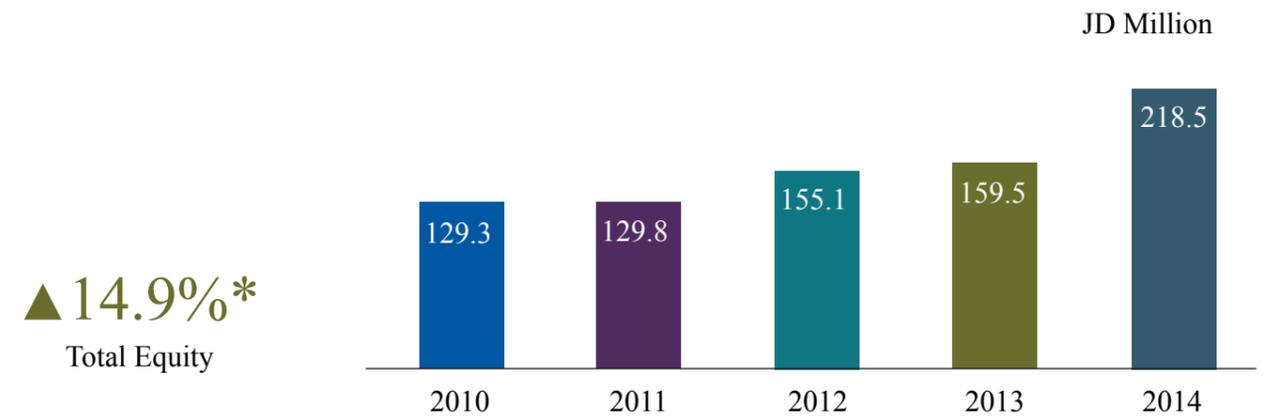
Customers' deposits portfolio by type indicates a balanced structure of low-cost deposits and deposits that earn interest rates within the market average



## Total Equity

The Bank managed to grow its capital base in a manner that places it within the ranks of a highly capitalized and stable financial institution. Total equity increased from JD 159.5 million in 2013 to reach JD 218.5 million by the end of 2014, with a growth rate of 37%.

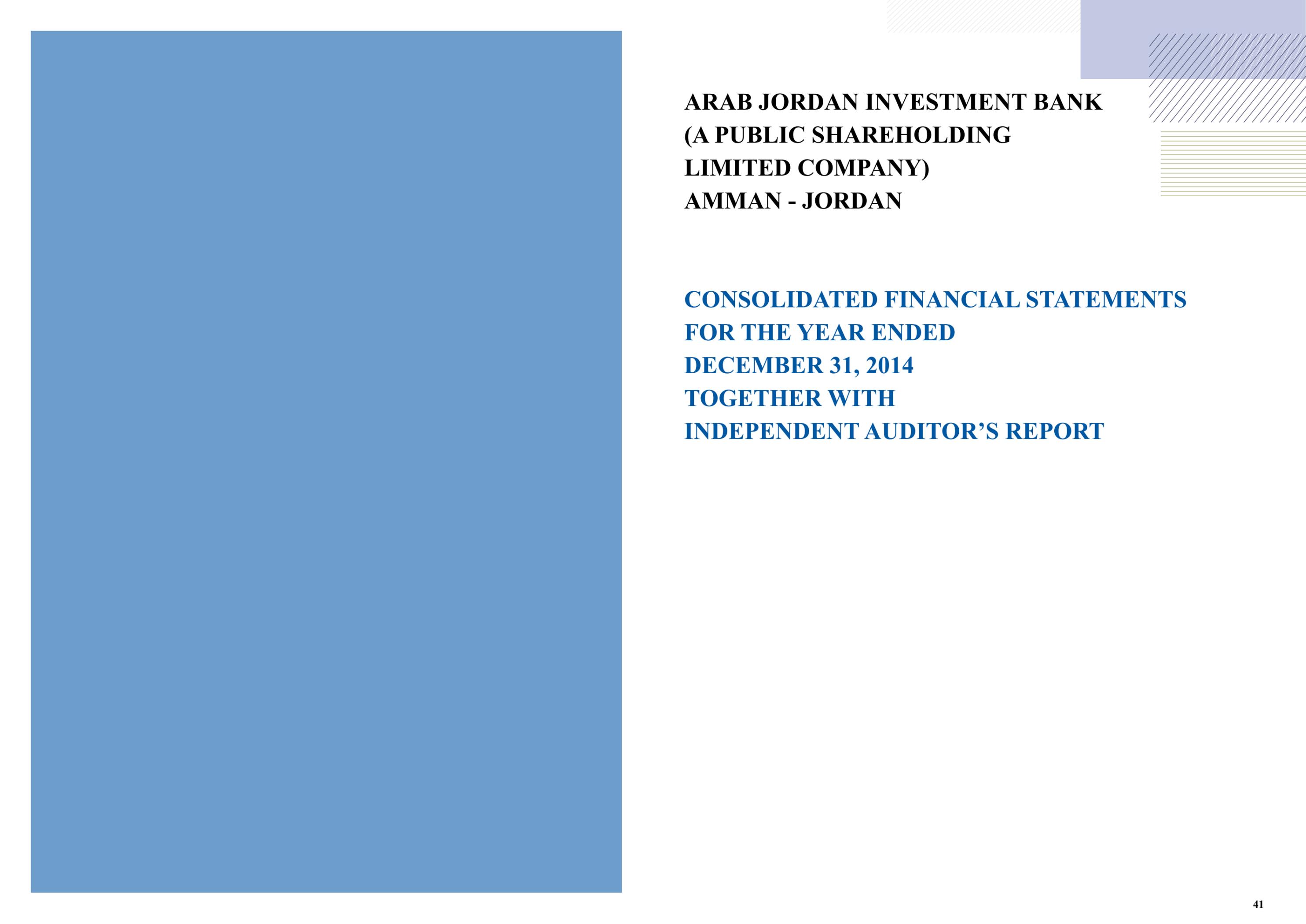
This came mainly as a result of an increase in paid-up capital from JD 100 million to JD 150 million in order to allow for the acquisition of HSBC's operations in Jordan. The Bank also contributed to increasing non-controlling shareholders' equity by 1.6% at the end of 2014 to reach JD 21.31 million .



\* This percentage represents the average annual growth rate from 2010 to 2014.

## Financial Highlights

	2014	2013
Return on Average Assets (ROaA) after tax	1.7%	1.5%
Return on Average Equity (ROaE) after tax	12.9%	10.6%
Non-performing Loans /Credit Facilities Portfolio	2.8%	2.4%
Net Credit facilities / Customers' Deposits	70.8%	65%
Net Credit facilities / Total Assets	39.9%	31.5%
Cash and Balances with Banks/Total Assets	20.3%	24.4%
Total Equity / Total Assets	12.5%	13.3%



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

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2014  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

# Independent Auditor's Report

AM/ 32772

**To the Shareholders of  
Arab Jordan Investment Bank  
Amman – The Hashemite Kingdom of Jordan**

## Report on the Financial Statements

We have audited the accompanying financial statements of Arab Jordan Investment Bank (Public Shareholding Limited Company) which comprise of the Consolidated Statement of Financial Position as of December 31, 2014, and the Consolidated statement of Income, and Comprehensive Income, Consolidated Statement of Changes in Shareholders' Equity, and Consolidated statement of 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 financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 financial statements present fairly, in all material respects, the consolidated financial position of Arab Jordan Investment Bank as of December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Report on 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.

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  
January 29, 2015

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

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

**List (A)**

Assets	Notes	December 31	
		2014 JD	2013 JD
Cash and balances at Central Bank of Jordan	4	138,162,869	96,470,746
Balances at banks and financial institutions	5	197,817,298	183,332,104
Deposits at banks and financial institutions	6	19,925,164	12,611,089
Financial Assets at Fair value through Profit or Loss	7	43,198	108,876
Financial Assets at Fair value through Comprehensive Income	8	14,879,717	15,024,519
Direct credit facilities - net	9	698,084,208	377,314,851
Financial Assets at Amortized Cost	10	578,491,241	438,947,345
Investment in associate company	11	16,811,282	13,719,485
Property and equipment – net	12	49,252,367	36,238,624
Intangible assets - net	13	1,621,868	1,502,996
Deferred tax assets	20 / B	794,147	655,793
Other assets	14	34,340,340	22,787,810
<b>Total Assets</b>		<b>1,750,223,699</b>	<b>1,198,714,238</b>
<b>Liabilities and Shareholders' equity</b>			
<b>Liabilities:</b>			
Banks and financial institutions' deposits	15	417,890,724	306,257,389
Customers' deposits	16	986,300,056	580,606,665
Borrowed funds from the Central Bank of Jordan	17	37,500,000	96,200,000
Cash margins	18	63,830,095	37,319,374
Sundry provisions	19	1,575,889	1,303,884
Income tax provision	20 / a	10,094,765	6,929,223
Other liabilities	21	14,485,909	10,582,921
<b>Total Liabilities</b>		<b>1,531,677,438</b>	<b>1,039,199,456</b>
<b>Shareholders' equity</b>			
<b>Equity attributable to Bank's shareholders</b>			
Paid-up capital	22	150,000,000	100,000,000
Share issuance premium	23	1,418,000	1,418,000
Statutory reserve	24	20,973,655	17,919,994
General banking risks reserve	24	5,753,170	2,689,548
Foreign currency translation adjustments	25	48,727	712,920
Fair Value reserve – net after tax	26	(1,321,657)	(1,035,174)
Retained earnings	27	20,366,480	16,840,711
<b>Total equity attributable to the Bank's shareholders</b>		<b>197,238,375</b>	<b>138,545,999</b>
Non – controlling interest	29	21,307,886	20,968,783
<b>Total Shareholders' Equity</b>		<b>218,546,261</b>	<b>159,514,782</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,750,223,699</b>	<b>1,198,714,238</b>

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)**

	For The Year Ended December 31		
	Notes	2014	2013
		JD	JD
Interest income	30	74,453,514	59,100,951
Interest expense	31	(28,769,046)	(30,070,529)
Net Interest Income		45,684,468	29,030,422
Commissions and fees Income - Net	32	7,634,599	4,712,416
Net Interest and Commissions Income		53,319,067	33,742,838
Foreign currencies income	33	4,818,103	5,596,220
Gain from financial assets at fair value through Profit or Loss	34	30,786	54,485
Cash dividends on financial assets at fair value through	35	397,581	381,615
Comprehensive Income			
Other income	36	1,408,599	861,987
<b>Total Income</b>		<b>59,974,136</b>	<b>40,637,145</b>
Employees expenses	37	12,848,355	8,847,701
Depreciation and amortization	12&13	1,710,091	1,558,049
Other expenses	38	10,455,188	7,950,940
Provision for impairment of direct credit facilities	9	1,675,100	1,357,108
Sundry provisions	19	627,410	438,327
Total Expenses		27,316,144	20,152,125
Bank's share from gain of investment in associate company	11	982,204	1,683,891
Profit before income tax		33,640,196	22,168,911
Income tax expense	20	(9,276,824)	(5,506,794)
<b>Profit for the Year</b>		<b>24,363,372</b>	<b>16,662,117</b>
Attributable to:			
Bank's Shareholders		22,871,285	15,159,504
Non – controlling Interest		1,492,087	1,502,613
		24,363,372	16,662,117
		JD/Fils	JD/Fils
Basic and diluted earnings per share	39	0.172	0.152

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

General Manager

Board of Directors Chairman

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

**List (C)**

	For The Year Ended December 31	
	2014	2013
	JD	JD
Profit for the year	24,363,372	16,662,117
Comprehensive Income Items		
Cumulative change in fair value - net after tax	(72,151)	739,800
Foreign Currency translation adjustment - Associate Company	(664,193)	181,513
Gain from sale of financial assets through Comprehensive Income	12,272	11,114
Total Comprehensive Income for the year	23,639,300	17,594,544
Total Comprehensive Income Attributable to:		
Bank's Shareholders	21,992,561	16,088,520
Non - Controllers' Interest	1,646,739	1,506,024
	23,639,300	17,594,544

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 CHANGES IN SHAREHOLDERS' EQUITY**

**List (D)**

	Reserves				Foreign Currency Translation	Fair Value Reserve - Net after tax ***	Retained Earnings**	Total Shareholders' Equity	Non - controlling Interest	Total Equity
	Paid-up Capital	Share Issuance Premium	Statutory Reserve	General Banking Risks Reserve*						
For the year ended December 31, 2014	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	100,000,000	1,418,000	17,919,994	2,689,548	712,920	(1,035,174)	16,840,711	138,545,999	20,968,783	159,514,782
Foreign currency translation adjustments associate company	-	-	-	-	(664,193)	-	-	(664,193)	-	(664,193)
Income for the year	-	-	-	-	-	-	22,871,285	22,871,285	1,492,087	24,363,372
Gain from sale financial assets through comprehensive income	-	-	-	-	-	(65,705)	71,952	6,247	6,025	12,272
Cumulative change in fair value - net after tax	-	-	-	-	-	(220,778)	-	(220,778)	148,627	(72,151)
Total Comprehensive Income	-	-	-	-	(664,193)	(286,483)	22,943,237	21,992,561	1,646,739	23,639,300
Capital increase *****	50,000,000	-	-	-	-	-	-	50,000,000	-	50,000,000
Dividends paid ****	-	-	-	-	-	-	(13,000,000)	(13,000,000)	-	(13,000,000)
Amortization of shares issuance (capital increase) cost	-	-	-	-	-	-	(300,185)	(300,185)	-	(300,185)
Transfer to statutory reserves	-	-	3,053,661	-	-	-	(3,053,661)	-	-	-
Transfer to general banking risks reserve	-	-	-	3,063,622	-	-	(3,063,622)	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	-	(1,307,636)	(1,307,636)
Balance - end of the year	150,000,000	1,418,000	20,973,655	5,753,170	48,727	(1,321,657)	20,366,480	197,238,375	21,307,886	218,546,261
For the year ended December 31, 2013										
Balance - beginning of the year	100,000,000	1,418,000	16,009,877	3,193,021	531,407	(1,666,157)	14,971,331	134,457,479	20,659,972	155,117,451
Foreign currency translation adjustments- associate company	-	-	-	-	181,513	-	-	181,513	-	181,513
Transfer from general banking risks reserve	-	-	-	(1,000,000)	-	-	1,000,000	-	-	-
Income for the year	-	-	-	-	-	-	15,159,504	15,159,504	1,502,613	16,662,117
Gain from sale financial assets through comprehensive income	-	-	-	-	-	(80,281)	116,520	36,239	(25,125)	11,114
Cumulative change in fair value after tax	-	-	-	-	-	711,264	-	711,264	28,536	739,800
Total Comprehensive Income	-	-	-	(1,000,000)	181,513	630,983	16,276,024	16,088,520	1,506,024	17,594,544
Share issuance premium	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(12,000,000)	(12,000,000)	-	(12,000,000)
Transfer to statutory reserves	-	-	1,910,117	-	-	-	(1,910,117)	-	-	-
Transfer to general banking risks reserve	-	-	-	496,527	-	-	(496,527)	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	-	(1,197,213)	(1,197,213)
Balance - end of the year	100,000,000	1,418,000	17,919,994	2,689,548	712,920	(1,035,174)	16,840,711	138,545,999	20,968,783	159,514,782

**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 794,147 against deferred tax benefits as of December 31, 2014. 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 1,321,657 cannot be utilized through capitalization, distribution, amortization or any other way unless realized in accordance to the regulations of the central bank of Jordan.

\*\*\*\*According to the resolution of the Bank General Assembly held on March 26, 2014 it was approved to distribute 13% of the Bank's capital as cash dividends to the shareholders which is equal to JD 13 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.

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)**

For The Year Ended December 31

Notes	2014	2013
	JD	JD
Cash Flows From Operating Activities		
Profit before income tax	33,640,196	22,168,911
Adjustments for:		
Depreciation and amortization	1,710,091	1,558,049
Provision for impairment of direct credit facilities	1,675,100	1,357,108
Unrealized loss on financial assets at fair value through profit or loss	502	3,393
Provision for end-of-service indemnity	299,658	238,326
Sundry provisions	327,752	200,001
Effect of exchange rate fluctuations on cash and cash equivalents	(535,360)	(546,253)
Bank's share from (gain) of investment in associate company	(982,204)	(1,683,891)
Profit before changes in assets and liabilities	36,135,735	23,295,644
Changes in Assets and Liabilities		
Decrease in deposits with central banks (maturing over 3 months)	36,600,000	-
(Increase) in deposits with banks and other financial institutions (maturing over 3 months)	(7,314,075)	(9,511,665)
Decrease in financial assets at fair value through profit or loss	65,176	128,598
(Increase) Decrease in direct credit facilities	(322,444,457)	13,261,768
(Increase) in other assets	(11,552,530)	(2,948,256)
Increase in banks and financial institutions deposits (maturing over 3 months)	10,635,000	-
Increase in customers' deposits	405,693,391	8,763,086
Increase in cash margins	26,510,721	10,865,042
Increase in other liabilities	5,034,410	1,291,628
Net change in assets and liabilities	143,227,636	21,850,201
Net cash flows from operating activities before taxes and other provisions paid	179,363,371	45,145,845
Provisions paid	(355,405)	(781,830)
Income tax paid	(6,249,636)	(4,390,883)
<b>Net cash flows from operating activities</b>	<b>172,758,330</b>	<b>39,973,132</b>
Cash Flows From Investing Activities		
Investment in associate company	(2,773,786)	(3,728,660)
(Purchase) Maturity of financial assets at amortized cost - net	(139,543,896)	(107,849,825)
(Purchase) Sale financial assets at fair value through other comprehensive income - net	(69,729)	896,537
(Purchase) of property and equipment	(15,916,681)	(6,914,213)
Sale of property and equipment	1,689,061	22,596
(Purchase) of Intangible assets	(615,086)	(326,494)
<b>Net cash flows (used in) investing activities</b>	<b>(157,230,117)</b>	<b>(117,900,059)</b>
Cash Flows From Financing Activities		
Increase in Capital	50,000,000	-
(Decrease) Increase in borrowed funds from the Central Bank of Jordan	(58,700,000)	96,200,000
Shares issuance (capital increase) cost	(300,185)	-
Non – controlling interest	(1,152,984)	(1,193,802)
Dividends paid to shareholders	(14,131,422)	(13,096,340)
Net cash flows (used in) from financing activities	(24,284,591)	81,909,858
Net (Decrease) Increase in Cash and Cash Equivalents	(8,756,378)	3,982,931
Effect of exchange rate fluctuations on cash and cash equivalents	535,360	546,253
Cash and cash equivalents - beginning of the year	(84,154,539)	(88,683,723)
<b>Cash and cash equivalents - end of the year</b>	<b>(92,375,557)</b>	<b>(84,154,539)</b>

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

## Notes to Consolidated Financial Statements

### 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 in stages, 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 (34) 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's (4) branches, and total assets of about JD 526 Million as of June 19, 2014. The agreement also included most 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 have been completed on May 5, 2014.

- The Bank's shares are listed and traded in Amman Stock Exchange.
- The consolidated financial statements have been approved by the Board of Directors in its meeting No. (245) held on January 29, 2015 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 Other 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.

- The accounting policies for the current year are consistent with those adopted in the prior year 2013, except for the effect of adoption of the new and modified standards as in note (50-A) below. The major accounting policies as following:

- 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.

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

#### A- Financial assets at amortized cost

- According to the bank's business model, 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 inability to recover the investment or parts there of 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 recognised 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.

#### B- 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.

#### C- 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.

## Basis of consolidation

- The consolidated financial statements incorporate the financial statements of the Bank and the subsidiaries controlled by it. 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, 2014, the Bank owns the following subsidiaries:

1. United Arab Jordan Company for Investment and Financial Brokerage was incorporated as a limited liability company on February 5, 2003 and fully owned by Arab Jordan Investment Bank, with a paid-up capital of JD 2,500,000. Moreover, the Company provides brokerage services in Amman Stock Exchange on behalf of the company's customers and the company itself as of December 31, 2014.

Moreover, United Arab Jordan Company for Investment and Financial Brokerage owns 55% of a subsidiary company (Arab Advisors Company). As of December 31, 2014, their total assets amounted to JD 3,320,011 and their total liabilities amounted to JD 492,321. Their total revenues amounted to JD 949,489, and their total expenses amounted to JD 1,021,811 for the year ended on December 31, 2014.

2. Arab Jordan Investment Bank - Qatar LLC, is 50% owned with an additional two shares by Arab Jordan Investment Bank, which was established on December 5, 2005 with a capital of USD 10,000,000 in Qatar. On April 15, 2008, its capital was increased to USD 25,000,000. Moreover, on April 6, 2012, the Capital was increased to become USD 50,000,000, and it provides commercial banking and investment services. As of December 31, 2014, their total assets amounted to JD 250,715,134 and their total liabilities amounted to JD 208,303,784. Their total revenues amounted to JD 7,410,310, and their total expenses amounted to JD 4,574,310 for the year ended December 31, 2014.

- 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 – controllers' 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

- 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.

## 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, that 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 recognised 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 recognised 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 recognised 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.

## Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 most strict 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 categorised 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,	
	2014	2013
	JD	JD
Cash in vaults	15,340,573	7,938,658
Balances at Central Bank of Jordan:		
Statutory cash reserve	56,222,296	30,832,088
Certificates of deposit *	66,600,000	57,700,000
<b>Total</b>	<b>138,162,869</b>	<b>96,470,746</b>

Except for the statutory cash reserve, there are no restricted balances at the Central Bank of Jordan as of December 31, 2014 and 2013.

This balance includes certificates of deposit, maturing within a period exceeding three months that amounted to JD 21,100,000 as of December 31, 2014, (JD 57,700,000 as of December 31, 2013).

## 5. Balances at Banks and Financial Institutions

This item consists of the following:

	Local Banks and Financial Institutions December 31,		Foreign Banks and Financial Institutions December 31,		Total	
	2014	2013	2014	2013	2014	2013
	JD	JD	JD	JD	JD	JD
Current and Call accounts	193,770	197,381	33,368,078	35,802,353	33,561,848	35,999,734
Deposits maturing within 3 months	72,260,269	40,446,108	91,995,181	106,886,262	164,255,450	147,332,370
<b>Total</b>	<b>72,454,039</b>	<b>40,643,489</b>	<b>125,363,259</b>	<b>142,688,615</b>	<b>197,817,298</b>	<b>183,332,104</b>

- Non-interest bearing balances at banks, and financial institutions, amounted to JD 33,186,670 as of December 31, 2014 (JD 25,211,026 as of December 31, 2013).
- There are no restricted balances at banks and financial institutions as of December 31, 2014 and 2013.

## 6. Deposits at Banks and Financial Institutions

This item consists of the following:

	Local Banks and Financial Institutions December 31,		Foreign Banks and Financial Institutions December 31,		Total	
	2014	2013	2014	2013	2014	2013
	JD	JD	JD	JD	JD	JD
Deposits maturing within 6 months	10,635,000	-	4,376,518	996,833	15,011,518	996,833
Deposits maturing from 6 to 9 months	-	-	2,180,808	8,898,721	2,180,808	8,898,721
Deposits maturing from 9 months to year	-	-	2,732,838	2,715,535	2,732,838	2,715,535
<b>Total</b>	<b>10,635,000</b>	<b>-</b>	<b>9,290,164</b>	<b>12,611,089</b>	<b>19,925,164</b>	<b>12,611,089</b>

- There are no restricted deposits at banks and financial institutions as of December 31, 2014 and 2013.

## 7. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	December 31,	
	2014	2013
	JD	JD
Listed stocks in active markets	43,198	108,876
<b>Total</b>	<b>43,198</b>	<b>108,876</b>

## 8. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31,	
	2014	2013
	JD	JD
Listed stocks in active markets	12,972,424	13,367,226
Unlisted stocks in active markets*	1,907,293	1,657,293
<b>Total</b>	<b>14,879,717</b>	<b>15,024,519</b>

\* 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, 2013 and 2012. 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 397,581 for the year ended December 31, 2014 (JD 381,615 for the year ended December 31, 2013).
- There were no transfers of profits or losses accumulated in equity relating to financial assets through comprehensive income.

## 9. Direct Credit Facilities – Net

This item consists of the following:

	December 31,	
	2014 JD	2013 JD
<b>Individual (Retail):</b>		
Loans *	75,127,918	57,939,462
Credit cards	12,176,385	2,795,597
Real-estate Loans	127,989,880	65,483,008
<b>Large companies:</b>		
Loans	101,327,308	74,286,456
Overdraft accounts	21,556,535	26,973,544
<b>Small and medium companies:</b>		
Loans	150,450,364	18,020,537
Overdraft accounts	61,353,214	16,184,126
Government & public sector	163,704,207	121,990,025
<b>Total</b>	<b>713,685,811</b>	<b>383,672,755</b>
Deduct: Provision for impairment of direct credit facilities	(13,018,059)	(5,522,939)
Deduct: Suspended interest	(2,583,544)	(834,965)
<b>Net credit facilities</b>	<b>698,084,208</b>	<b>377,314,851</b>

- Non-performing credit facilities amounted to JD 22,037,287 representing 3.09% of direct credit facilities balance for the year. (JD 10,000,050 representing 2.61% of the granting balance for the previous year).
- Non-performing credit facilities net of interest in suspense amounted to JD 20,167,897, representing 2.83% of direct credit facilities balance net of interest in suspense (JD 9,165,085, representing 2.39% for the previous year).
- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 136,420,749 representing 19.1% of total direct credit facilities (JD 95,990,235 representing 25% for the previous year).

## Provision for impairment of direct credit facilities:

The following is the movement on the provision for impairment of direct credit facilities:

December 31, 2014	Individual (Retail)	Real-estate Loans	Large Companies	Small and Medium Companies	Total
	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
Transfers***	5,663,623	1,296,146	-	42,223,146	49,182,915
<b>Balance – End of the year</b>	<b>5,417,683</b>	<b>1,392,898</b>	<b>1,064,000</b>	<b>5,143,478</b>	<b>13,018,059</b>
On a single client basis	5,245,111	1,307,748	1,064,000	4,486,132	12,102,991
On a portfolio basis	172,572	85,150	-	657,346	915,068
	5,417,683	1,392,898	1,064,000	5,143,478	13,018,059

December 31, 2013	Individual (Retail)	Real-estate Loans	Large Companies	Small and Medium Companies	Total
	JD	JD	JD	JD	JD
Balance – Beginning of the year	9,713,133	1,822,809	3,729,539	2,822,262	18,087,743
Provision for the year taken from revenues	1,077,002	163,368	-	116,738	1,357,108
Transfer from other provisions	-	-	-	628,000	628,000
Used during the year (written – off)	-	-	-	(56,606)	(56,606)
Transfer from off - statement of financial position accounts	(9,542,628)	(306,720)	(3,729,539)	(914,419)	(14,493,306)
<b>Balance – End of the year</b>	<b>1,247,507</b>	<b>1,679,457</b>	<b>-</b>	<b>2,595,975</b>	<b>5,522,939</b>
On a single client basis	1,166,835	1,671,746	-	1,961,223	4,799,804
On a portfolio basis	80,672	7,711	-	634,752	723,135
	1,247,507	1,679,457	-	2,595,975	5,522,939

\*There are direct credit facilities with a balance of JD 69,335,559 and interest in suspense of JD 10,293,461, with a provision of JD 57,594,298 and cash margins of JD 1,447,800 as of December 31, 2014 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.

\*\*Interest in suspense amounted to JD 13,881,326 have been recorded within off - statement of financial position account against credit facilities transferred from HSBC Middle East - Jordan and there are lawsuit against those credit facilities.

\*\*\*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 1,001,132 as of December 31, 2014 (JD 734,108 as of December 31, 2013).

## Interest in suspense:

The following is the movement on the interest in suspense:

For the year ended December 31, 2014	Individual	Real-estate	Large	Small and	Total
	Loans	Companies	Medium	Companies	
	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
<b>Balance - End of the year</b>	<b>1,592,317</b>	<b>809,428</b>	<b>-</b>	<b>181,799</b>	<b>2,583,544</b>

For the year ended December 31, 2013	Individual	Real-estate	Large	Small and	Total
	Loans	Companies	Medium	Companies	
	JD	JD	JD	JD	JD
Balance – beginning of the year	3,772,124	800,955	1,298,845	2,145,710	8,017,634
Add: Interest suspended during the year	569,362	398,126	-	806,273	1,773,761
Less: Interest in suspense reversed to revenues	(75,053)	(87,031)	-	(10,764)	(172,848)
Less: Interest in suspense transferred to off - statement of financial position accounts	(3,946,038)	(926,605)	(1,298,845)	(2,568,221)	(8,739,709)
Less: Interest in suspense written off	-	-	-	(43,873)	(43,873)
<b>Balance - End of the year</b>	<b>320,395</b>	<b>185,445</b>	<b>-</b>	<b>329,125</b>	<b>834,965</b>

\*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,	
	2014	2013
	JD	JD
Financial Assets with Market Price:		
Treasury Bills	-	46,233,798
Treasury Bonds guaranteed by the government *	535,230,406	354,480,164
Companies bonds	43,260,835	38,233,383
<b>Total Financial Assets with market price</b>	<b>578,491,241</b>	<b>438,947,345</b>

### • Bonds Analysis:

	December 31,	
	2014	2013
	JD	JD
Fixed rate of return Financial Assets	578,181,053	438,225,900
Variable rate of return Financial Assets	310,188	721,445
<b>Total</b>	<b>578,491,241</b>	<b>438,947,345</b>

\* A transfer of ownership of treasury bonds of JD 37,500,000 from Arab Jordan Bank Portfolio to the 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 these bonds mature within a period of a month, or less, and is payable in cash at an interest rate of 3%.

## 11. Investment in Associate Company

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

	December 31,	
	2014 JD	2013 JD
Balance at the beginning of the year	13,719,485	8,125,421
Additions	2,773,786	3,728,660
The Bank's share in the associate company's gain	982,204	1,683,891
Foreign currency translation adjustment	(664,193)	181,513
	16,811,282	13,719,485

- 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; the bank's share amounted to GBP 2,500,000
- The Bank's right to vote on the General Assembly's resolutions 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,	
	2014 JD	2013 JD
Total assets	379,523,723	304,307,742
Total liabilities	312,278,595	249,429,799
Net assets	67,245,128	54,877,943
The Bank's share in net assets	16,811,282	13,719,485

The Bank's share of 25% in the assets and liabilities of Jordan International Bank / London has been calculated for the year 2014 (shown above) according to the latest unaudited financial statements available on December 29, 2014.

## 12. Property and Equipment - Net

This item consists of the following:

December 31, 2014	Land JD	Buildings JD	Equipment Furniture & Fixtures JD	Vehicles JD	Computer JD	Others JD	Total JD
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 revaluated on August 20, 2014, the revaluation result amounted to JD 4,341,746 was booked as other revenues.

December 31, 2013	Land JD	Buildings JD	Equipment Furniture & Fixtures JD	Vehicles JD	Computer JD	Others JD	Total JD
Cost							
Balance – beginning of the year	5,948,126	3,033,075	3,733,434	959,992	2,027,232	2,977,285	18,679,144
Additions	-	675,323	375,909	212,123	117,561	655,482	2,036,398
Disposals	-	-	(135,604)	(230,070)	(88,778)	(18,278)	(472,730)
Balance – End of the year	5,948,126	3,708,398	3,973,739	942,045	2,056,015	3,614,489	20,242,812

**Accumulated depreciation:**

Balance – beginning of the year	-	(204,149)	(1,305,727)	(512,631)	(1,078,213)	(1,233,673)	(4,334,393)
Depreciation for the year	-	(98,975)	(287,090)	(176,547)	(254,253)	(298,213)	(1,115,078)
Disposals	-	-	135,604	207,474	88,778	18,278	450,134
Balance – End of the year	-	(303,124)	(1,457,213)	(481,704)	(1,243,688)	(1,513,608)	(4,999,337)
Net Book Value of Property and Equipment	5,948,126	3,405,274	2,516,526	460,341	812,327	2,100,881	15,243,475
Payments on acquisition of Property and Equipment	-	20,446,235	-	-	446,970	101,944	20,995,149
Net property and equipment at the end of the year	5,948,126	23,851,509	2,516,526	460,341	1,259,297	2,202,825	36,238,624

- Fully depreciated property and equipment amounted to JD 5,944,950 as of December 31, 2014 (JD 5,068,701 as of December 31, 2013).

### 13. Intangible Assets - Net

This item consists of the following:

	December 31, 2014			December 31, 2013		
	Goodwill*	Computer's Software	Total	Goodwill*	Computer's Software	Total
	JD	JD	JD	JD	JD	JD
Balance-beginning of the year	608,666	894,330	1,502,996	608,666	1,010,807	1,619,473
Additions	-	611,059	611,059	-	326,494	326,494
Transfers from HSBC Bank	-	4,027	4,027	-	-	-
Amortization for the year	-	(496,214)	(496,214)	-	(442,971)	(442,971)
Balance-end of the year	608,666	1,013,202	1,621,868	608,666	894,330	1,502,996

- \* 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 LTD shares and the net fair value of its assets at the date of acquisition. Moreover, there is no impairment in its value.

### 14. Other Assets

This item consists of the following:

	December 31,	
	2014 JD	2013 JD
Earned interest income	19,374,067	14,109,556
Prepaid expenses	1,598,458	1,507,280
Assets seized by the Bank *	10,963,666	5,394,374
Stationery and printing	279,770	174,936
Refundable deposits	478,792	377,347
Accounts Receivables (subsidiary Companies)	103,173	107,738
Others	1,542,414	1,116,579
Total	34,340,340	22,787,810

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

	Assets Seized	
	2014 JD	2013 JD
Balance-beginning of the year	5,394,374	5,094,536
Transfers**	4,899,295	-
Additions	984,128	627,370
Disposals	(314,131)	(327,532)
Balance-end of the year	10,963,666	5,394,374

\*\* 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.

## 15. Banks and Financial Institutions' Deposits

This item consists of the following:

	December 31,					
	2014			2013		
	Inside Kingdom of Jordan	Outside Kingdom of Jordan	Total	Inside Kingdom of Jordan	Outside Kingdom of Jordan	Total
Current accounts and demand deposits	22,546	4,166,466	4,189,012	8,262	9,405,617	9,413,879
Time deposits due within 3 months	200,573,259	202,493,453	403,066,712	118,689,665	178,153,845	296,843,510
Time deposits due within 3 to 6 months	-	10,635,000	10,635,000	-	-	-
	200,595,805	217,294,919	417,890,724	118,697,927	187,559,462	306,257,389

## 16. Customers' Deposits

This item consists of the following:

	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

	December 31, 2013				
	Individual	Large Companies	Small and Medium Companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current accounts and demand deposits	85,897,567	51,128,786	12,311,518	3,871,767	153,209,638
Saving accounts	36,937,636	3,780,138	738,357	-	41,456,131
Time and notice deposits	249,625,867	101,669,918	2,845,849	31,799,262	385,940,896
Total	372,461,070	156,578,842	15,895,724	35,671,029	580,606,665

- Deposits of the government and the general public sector inside the Kingdom of Jordan amounted to JD 65,230,817 equivalent to 6.61% of total deposits (JD 35,671,029 equivalent to 6.14% for the previous year).
- Non-interest bearing deposits amounted to JD 236,800,117, equivalent to 24% of total deposits (JD 82,334,314, equivalent to 14.2% for the previous year).
- Restricted deposits amounted to JD 16,979,658 equivalent to 1.72% of total deposits of which JD 6,371,047 is at Cyprus branch and JD 10,608,611 at Jordan Branches. (JD 8,706,468 equivalent to 1.5% for the previous year of which JD 7,880,041 is at Cyprus branch and JD 826,427 at Jordan branches.)
- Dormant deposits amounted to JD 6,299,291 as of December 31, 2014 (JD 7,982,836 for the previous year).

## 17. Funds borrowed 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 these bonds mature within a period of a month, or less, and is payable in cash at an interest rate of 3% the details is as following:

December 31, 2014	Amount JD	Maturity Date	Guarantees
	12,500,000	January 4, 2015	Bonds and treasury bills
	12,500,000	January 5, 2015	Bonds and treasury bills
	12,500,000	January 7, 2015	Bonds and treasury bills
	37,500,000		

December 31, 2013	Amount JD	Maturity Date	Guarantees
	52,400,000	January 5, 2014	Bonds and treasury bills
	25,000,000	January 15, 2014	Bonds and treasury bills
	18,800,000	January 7, 2014	Bonds and treasury bills
	96,200,000		

## 18. Cash Margins

This item consists of the following:

	December 31,	
	2014 JD	2013 JD
Cash margins against direct credit facilities	49,275,875	28,615,149
Cash margins against indirect credit facilities	14,554,220	8,366,760
Against margin trading	-	337,465
<b>Total</b>	<b>63,830,095</b>	<b>37,319,374</b>

## 19. Sundry Provisions

This item consists of the following:

December 31, 2014	Beginning Balance JD	Provided During the Year JD	Used During the Year JD	Ending Balance 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
<b>Total</b>	<b>1,303,884</b>	<b>627,410</b>	<b>(355,405)</b>	<b>1,575,889</b>

December 31, 2013	Beginning Balance JD	Provided During the Year JD	Used During the Year JD	Ending Balance JD
Provision for end-of-service indemnity	1,018,718	238,326	(153,830)	1,103,214
Other provisions	628,669	200,001	(628,000)	200,670
<b>Total</b>	<b>1,647,387</b>	<b>438,327</b>	<b>(781,830)</b>	<b>1,303,884</b>

## 20. Income Tax

### A- Income tax provision

The movement on the income tax provision is as follows:

	2014 JD	2013 JD
Balance – beginning of the year	6,929,223	5,814,275
Income tax paid	(6,249,636)	(4,390,883)
Accrued income tax expense	9,415,178	5,505,831
Balance – End of the year	10,094,765	6,929,223

Income tax in the consolidated statement of income represents the following:

	2014 JD	2013 JD
Income tax expense for the year	9,415,178	5,505,831
Amortization of deferred tax for the adjustment of tax rate	(113,449)	-
Amortization of deferred tax assets	(24,905)	963
Total	9,276,824	5,506,794

- As of the date of consolidated financial statements, The Bank reached a final settlement with the Income and Sales Tax Department for all previous years up to the year 2008.
- For the fiscal years 2009 – 2012: Subsequent to the consolidated financial statements dates, the bank reached a final settlement with the Income and Sales Tax Department, for the mentioned years, on January 6, 2015.
- For the fiscal year 2013: The bank filed its tax returns form on time of the legal deadline, and paid the taxes declared, however, they have not been audited by the Income and Sales Tax Department up to the consolidated financial statements date.
- The Bank has booked a provision against any expected tax liabilities for the declared year, which includes the above-mentioned years. In the opinion of the 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.
- 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 2013. United Arab Jordan Company for Investment and Financial Brokerage (a subsidiary) has reached a final settlement with the Income and Sales Tax Department of Jordan up to the year 2009. Moreover, the company has submitted its tax returns for the year 2010; which has been reviewed by the Income and Sales Tax Department, but no final settlement has been reached. In addition, the company has already submitted its tax returns for the year 2011, 2012 and 2013 but they have not been audited by the Income Tax and Sales Department up to the consolidated financial statements date.

## B. Deferred Tax Assets

The details of this item are as follows:

Accounts Included	December 31, 2014				December 31, 2013	
	Balance- Beginning of the Year	Amount Released	Amount Added	Balance - End of the Year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Provision for impairment of direct credit facilities	1,202,335	-	-	1,202,335	420,817	360,701
Provision for staff end-of-service Indemnity*	983,640	(158,983)	242,000	1,066,657	373,330	295,092
	2,185,975	(158,983)	242,000	2,268,992	794,147	655,793

\*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:

	December 31,	
	2014 JD	2013 JD
Balance-beginning of the year	655,793	656,756
Additions during the year	72,600	57,600
Released during the year	(47,695)	(58,563)
Additions due to tax amendments to 35%	113,449	-
Balance-End of the Year	794,147	655,793

## The following is a summary of the reconciliation between accounting income and tax income:

	2014 JD	2013 JD
Accounting income	33,640,196	22,168,911
Tax-exempted income	(1,629,193)	(2,749,681)
Unacceptable tax expenses	1,199,769	1,670,483
Taxable Income	33,210,772	21,089,713
Effective income tax rate	27.98%	24.83%
Income tax for the year	9,415,178	5,505,831

- The income tax rate on banks in Jordan has been 30% until the end of the year 2014, and has become 35% starting January 1, 2015. The tax rate on the bank's branch in Cyprus and subsidiary in Qatar is 10%. Moreover; the tax rate on the subsidiaries has amounted to be 24% starting January 1, 2015.
- According to the new Income Tax Law, which has come into force effective from January 1, 2015, a tax rate of 35% is used to calculate the deferred taxes as of December 31, 2014 (30% as of December 31, 2013) on the doubtful debts provision balances and end-of-service indemnity provision at year-end. However, these tax benefits will be utilized in connection with the expected future years.

## 21. Other Liabilities

This item consists of the following:

	December 31,	
	2014 JD	2013 JD
Accrued interest payable	3,315,525	2,558,063
Unearned revenues	235,063	225,253
Accounts payable	257,136	134,032
Accrued and unpaid expenses	2,058,825	2,176,503
Transfers and checks payable	418,151	722,072
Bank cheques issued at Jordanian Dinars	2,002,755	1,584,602
Safe boxes deposits	79,865	82,055
Undistributed dividends	1,529,092	1,388,923
Due to income tax	57,360	64,220
Restricted Insurance	1,050,346	713,259
Others*	3,481,791	933,939
<b>Total</b>	<b>14,485,909</b>	<b>10,582,921</b>

\* This item includes transfers and claims, amounting to JD 941 K that were not received from HSBC's former clients and were transferred to the bank

## 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. (100,000,000 shares at a par value of JD 1 each for the previous year).

## 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 JD	Nature of Restriction
Statutory reserve	20,973,655	Banks and Companies Laws
General banking risks reserve	5,753,170	Central Bank of Jordan Law

## 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:

	2014 JD	2013 JD
Balance – beginning of the year	712,920	531,407
Movement during the year	(664,193)	181,513
<b>Balance – End of the year</b>	<b>48,727</b>	<b>712,920</b>

## 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:

	2014 JD	2013 JD
Balance - beginning of the year	(1,035,174)	(1,666,157)
Unrealized (losses) gains	(220,778)	711,264
Realized (losses) transferred to the consolidated statement of comprehensive income	(65,705)	(80,281)
<b>Balance – end of the year</b>	<b>(1,321,657)</b>	<b>(1,035,174)</b>

## 27. Retained Earnings

This item consists of the following:

	2014 JD	2013 JD
Balance at the beginning of the year	16,840,711	14,971,331
Transferred retained earnings	-	1,000,000
Income for the year	22,871,285	15,159,504
Gain from sale of financial assets through comprehensive income	71,952	116,520
Transferred to reserves	(6,117,283)	(2,406,644)
Dividends paid to shareholders	(13,000,000)	(12,000,000)
Amortization of shares issuance (capital increase) cost	(300,185)	-
<b>Balance – End of the Year</b>	<b>20,366,480</b>	<b>16,840,711</b>

Retained earnings include an amount of JD 794,147 as of December 31, 2014 (JD 655,793 as of December 31, 2013) 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. Whereas in the year 2013 cash dividends of 13% which represents JD 13,000,000 was distributed to the Shareholders.

## 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 of 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:

	2014 JD	2013 JD
<b>Direct Credit Facilities:</b>		
<b>Individual (retail):</b>		
Loans	3,813,218	2,189,006
Credit cards	1,437,124	496,547
Real-estate loans	4,134,750	2,343,457
<b>Large companies:</b>		
Loans	7,536,957	6,348,181
Overdraft Accounts	4,799,787	3,214,705
<b>Small and medium companies:</b>		
Loans	5,724,503	2,399,233
Overdraft Accounts	3,711,374	1,125,207
Government and public sector	7,018,227	8,665,195
Balances at the Central Bank of Jordan	3,326,505	3,151,159
Balances and deposits at banks and financial institutions	1,544,999	1,920,429
Financial Assets at amortized cost	31,406,070	27,247,832
<b>Total</b>	<b>74,453,514</b>	<b>59,100,951</b>

### 31. Interest Expense

This item consists of the following:

	2014 JD	2013 JD
Deposits from banks and financial institutions	9,326,854	12,612,584
Customers' deposits:		
Current and demand deposits	1,075,132	1,113,332
Saving accounts	535,405	296,034
Time and notice deposits	15,662,140	14,654,759
Cash margins	1,005,734	624,781
Deposits insurance fees	1,163,781	769,039
<b>Total</b>	<b>28,769,046</b>	<b>30,070,529</b>

### 32. Commissions Income - Net

This item consists of the following:

	2014 JD	2013 JD
Commissions Income:		
Direct credit facilities	1,404,539	873,119
Indirect credit facilities	7,027,463	4,141,443
Less: Commission expense	(797,403)	(302,146)
<b>Net Commissions Income</b>	<b>7,634,599</b>	<b>4,712,416</b>

### 33. Foreign Currencies Income

This item consists of the following:

	2014 JD	2013 JD
Resulting from trading	4,282,743	5,049,967
Resulting from revaluation	535,360	546,253
<b>Total</b>	<b>4,818,103</b>	<b>5,596,220</b>

### 34. 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:

2014	Realized Profits JD	Unrealized (Losses) JD	Shares Dividends JD	Total JD
Companies shares	28,708	(502)	2,580	30,786
<b>Total</b>	<b>28,708</b>	<b>(502)</b>	<b>2,580</b>	<b>30,786</b>

2013	Realized Profits JD	Unrealized (Losses) JD	Shares Dividends JD	Total JD
Companies shares	57,375	(3,393)	503	54,485
<b>Total</b>	<b>57,375</b>	<b>(3,393)</b>	<b>503</b>	<b>54,485</b>

### 35. Cash dividends on financial assets at fair value through comprehensive income

This item consists of the following:

	2014	2013
	JD	JD
Local companies dividends	287,338	299,186
Foreign companies dividends	110,243	82,429
<b>Total</b>	<b>397,581</b>	<b>381,615</b>

### 36. Other Income

This item consists of the following:

	2014	2013
	JD	JD
Income from sale of property and equipment	54,515	47,346
Income from sale of seized property	13,580	-
Gain from investment in the Bank's building	7,037	6,200
Other *	1,333,467	808,441
<b>Total</b>	<b>1,408,599</b>	<b>861,987</b>

\* According to the International Financial Reporting Standards – IFRS 3 Business Combinations, Property and Equipment which were acquired as a result of the HSBC deal were recognized at their fair value on the acquisition date. Moreover, cost related to the acquisition were recognized as acquisition costs related to the acquisition transaction, which consists of the following:

	JD
Land and Building valuation differences at the acquisition date	4,341,746
<b>Expenses related to the acquisition:</b>	
Professional Fees	2,441,552
Stationery and advertising	830,426
Taxes and Fees	518,738
Bonuses	500,000
<b>Total</b>	<b>51,030</b>

In addition to what is mentioned above, this item includes various provisions around JD 200 thousands that were no longer needed and bad debt collections of around JD 453 thousands.

### 37. Employees Expenses

This item consists of the following:

	2014	2013
	JD	JD
Salaries, bonuses and employees benefits	10,345,040	7,139,160
Bank's contribution to social security	930,097	627,052
Bank's contribution to provident fund	437,136	229,295
Employees' life insurance	98,022	106,139
Medical expenses	630,630	409,243
Staff training	61,146	37,609
Travel expenses	274,914	232,302
Other	71,370	66,901
<b>Total</b>	<b>12,848,355</b>	<b>8,847,701</b>

### 38. Other Expenses

This item consists of the following:

	2014	2013
	JD	JD
Rent	2,528,524	2,093,925
Printing and stationery	499,182	383,003
Advertising and subscriptions	890,834	737,294
Professional and audit fees	252,211	337,865
Telephone, telex and postage	782,511	683,532
Insurance expenses	223,700	173,728
Maintenance and repair	724,825	695,334
General services	1,480,683	1,059,211
Swift services	131,411	99,921
Security	220,287	124,265
Donations	28,402	38,052
Board of Directors remunerations	55,000	55,000
Board of Directors expenses	261,202	165,065
Foreign currency trading fees	112,631	119,257
Registration and governmental fees	101,818	76,366
Mortgage and insurance fees	264,273	193,027
Consultations	167,310	217,396
Automated clearing (offset) expenses	25,834	15,023
Property tax fees	38,684	-
Marketing expenses	126,756	-
Computers and ATM expenses	93,768	-
Other expenses	1,445,342	683,676
<b>Total</b>	<b>10,455,188</b>	<b>7,950,940</b>

### 39. Earnings Per Share (Bank's Shareholders)

This item consists of the following:

	2014	2013
	JD	JD
Income for the year	22,871,285	15,159,504
Weighted average number of shares	132,876,712	100,000,000
Earnings per share (Bank shareholders)	0.172	0.152
<b>Basis and Diluted</b>		

### 40. Cash and Cash Equivalents

This item consists of the following:

	December 31,	
	2014	2013
	JD	JD
Cash and balances at the Central Bank of Jordan maturing within 3 months	117,062,869	38,770,746
Add: Balances at banks and other financial institutions maturing within 3 months	197,817,298	183,332,104
Less: Deposits from banks and financial institutions maturing within 3 months	(407,255,724)	(306,257,389)
<b>Total</b>	<b>(92,375,557)</b>	<b>(84,154,539)</b>

### 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	Capital December 31,	
		2014	2013
		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:

Statement of Financial Position Items:	Related party				Total	
	Subsidiary Companies	Board of Directors Members and Management Executives	Associate Company	Other	December 31,	
	JD	JD	JD	JD	2014 JD	2013 JD
Total Deposits for related parties	133,796,951	68,420,592	18,670,335	-	220,887,878	131,162,778
Total Bank Deposits with related parties	59,091,940	-	13,360,947	-	72,452,887	50,490,184
Loans and credit facilities granted to related parties	-	201,102	-	2,279,945	2,481,047	329,640
<b>Off-Statement of Financial Position Items</b>						
Letter of Credit and Guarantee	176,600	-	225,000	-	401,600	227,100
<b>Statement of Income Items:</b>						
Credit interest and commission	141,889	5,192	96,300	160,996	404,377	293,627
Debit interest and commission	1,841,687	1,494,044	179,724	-	3,515,455	3,567,283

- Balances, transactions, revenues and expenses between the Bank and the subsidiaries are eliminated in the consolidated financial statements.
- The interest rate received on amounts granted as facilities to related parties reached (4.25%) annually, while the interest rate paid reached (6.5%)
- 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:

	December 31,	
	2014 JD	2013 JD
Salaries and benefits	938,035	877,555
Travel and transportation expenses	55,722	99,560
Board of Directors remunerations	15,000	15,000
<b>Total</b>	<b>1,008,757</b>	<b>992,115</b>

## 42. Risks Management

- 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 for 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 and 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' level (individual or corporate) in addition to managing and controlling the exposure to credit risk for each sector or geographic 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 geographic 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 and bases.

### 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 the granting of 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) and 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,	
	2014	2013
	JD	JD
<b>On- statement of financial position</b>		
Cash and balances at Central Bank of Jordan	122,822,296	88,532,088
Balances at banks and financial institutions	197,817,298	183,332,104
Deposits at banks and financial Institutions	19,925,164	12,611,089
<b>Credit facilities:</b>		
Individual	80,294,303	59,167,157
Real-estate loans	125,787,554	63,618,106
Large companies	121,819,843	101,260,000
Small and medium companies	206,478,301	31,279,563
Government & public sector	163,704,207	121,990,025
<b>Bonds and treasury bills:</b>		
Within financial assets at amortized cost	578,491,241	438,947,345
Other assets	19,477,240	14,109,556
<b>Total</b>	<b>1,636,617,447</b>	<b>1,114,847,033</b>
<b>Off- statement of financial position items</b>		
Letters of guarantee	121,130,116	53,638,334
Letters of credit	38,515,819	11,478,787
Acceptances	47,947,697	18,750,022
Un-utilized facilities	51,869,661	12,544,217
	259,463,293	96,411,360
<b>Total</b>	<b>1,896,080,740</b>	<b>1,211,258,393</b>

- 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, 2014 and 2013 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, 2014	Individual (Retail)	Real-Estate Loans	Large Companies	Small and Medium Companies	Government & Public Sector	Banks & other Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD
<b>Grades :</b>							
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
<b>From which past due:</b>							
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
<b>Non performing:</b>							
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
<b>Total</b>	<b>93,575,692</b>	<b>129,039,750</b>	<b>153,073,609</b>	<b>213,688,623</b>	<b>830,980,505</b>	<b>231,860,871</b>	<b>1,652,219,050</b>
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
	86,565,692	126,837,424	152,009,609	208,363,346	830,980,505	231,860,871	1,636,617,447

December 31, 2013	Individual (Retail)	Real-Estate Loans	Large Companies	Small and Medium Companies	Government & Public Sector	Banks & other Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD
<b>Grades :</b>							
Low grade	4,593,307	2,698,686	5,647,017	5,545,328	633,892,091	195,943,193	848,319,622
Standard grade	46,121,599	58,120,364	88,844,478	54,455,856	-	-	247,542,297
<b>From which past due:</b>							
Up to 30 days	10,220	13,881	-	-	-	-	24,101
From 31 to 60 days	-	-	-	-	-	-	-
Watch list	3,908,213	905,584	-	10,529,171	-	-	15,342,968
<b>Non performing:</b>							
Substandard	1,447,692	420,139	-	1,559	-	-	1,869,390
Doubtful	968,646	441,764	-	-	-	-	1,410,410
written - off	3,695,602	2,896,471	-	128,177	-	-	6,720,250
<b>Total</b>	<b>60,735,059</b>	<b>65,483,008</b>	<b>94,491,495</b>	<b>70,660,091</b>	<b>633,892,091</b>	<b>195,943,193</b>	<b>1,121,204,937</b>
Deduct: interest in suspense	320,395	185,445	-	329,125	-	-	834,965
Allowance for impairment losses	1,247,507	1,679,457	-	2,595,975	-	-	5,522,939
	59,167,157	63,618,106	94,491,495	67,734,991	633,892,091	195,943,193	1,114,847,033

- \* 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, 2014	Individual (Retail)	Real-Estate 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
<b>Non- performing :</b>						
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
<b>Total</b>	<b>61,233,096</b>	<b>94,592,587</b>	<b>109,258,791</b>	<b>164,187,301</b>	<b>163,704,207</b>	<b>592,975,982</b>

**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
Accepted bank guarantees	-	-	-	-	-	-
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

December 31, 2013	Individual (Retail)	Real-Estate Loans	Large Companies	Small and Medium Companies	Government & Public Sector	Total
	JD	JD	JD	JD	JD	JD
Low grade	1,060,914	2,698,686	6,534,251	8,190,487	121,990,025	140,474,363
Standard grade	32,157,288	43,015,171	45,514,956	18,183,000	-	138,870,415
Watch list	2,598,244	1,850,532	-	7,315,317	-	11,764,093
<b>Non- performing :</b>						
Substandard grade	378,465	99,989	-	-	-	478,454
Doubtful	311,401	320,329	-	-	-	631,730
written - off	359,275	2,384,753	-	149,434	-	2,893,462
<b>Total</b>	<b>36,865,587</b>	<b>50,369,460</b>	<b>52,049,207</b>	<b>33,838,238</b>	<b>121,990,025</b>	<b>295,112,517</b>

**As :**

Cash margins	917,077	612,004	1,286,833	1,274,041	-	4,089,955
Governmental guarantees	-	-	-	-	121,990,025	121,990,025
Accepted bank guarantees	-	-	-	-	-	-
Real estate	35,321,715	13,753,546	21,895,730	10,767,852	-	81,738,843
Listed shares	498,787	9,197,536	66,570	-	-	9,762,893
Equipment and vehicles	212,494	-	3,160,722	488,951	-	3,862,167

#### 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 3,400,538 as of December 31, 2014 (JD 1,914,394 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 debts under control (JD 12,720,795 for the year 2014) (JD 7,339,623 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
A	Moody's	721,257
A2	Moody's	1,433,671
Government A2	Moody's	1,399,155
A3	Moody's	2,220,357
Government A3	Moody's	865,054
Aa2	Moody's	721,071
Government Aa2	Moody's	1,479,761
Aa3	Moody's	2,956,013
BBB-	Moody's	1,441,657
Government BBB-	Moody's	680,431
Government B1	Moody's	7,736,903
B2	Moody's	721,411
B3	Moody's	717,180
Ba1	Moody's	2,843,726
Ba2	Moody's	855,252
Government Ba2	Moody's	5,825,951
Ba3	Moody's	1,433,657
Baa1	Moody's	3,565,342
Baa2	Moody's	5,101,189
Government Baa2	Moody's	721,474
Baa3	Moody's	3,618,947
Government Baa3	Moody's	711,323
Caa1	Moody's	1,474,132
Government guaranteed bond	Moody's	515,810,354
Corporate bond without classification	Moody's	13,435,973
<b>Total</b>	<b>Moody's</b>	<b>578,491,241</b>

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

	Inside Kingdom of Jordan	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	122,822,296	-	-	-	-	-	-	122,822,296
Balances at banks and financial Institutions	72,454,039	92,288,344	19,806,198	38,448	533,286	12,633,913	63,070	197,817,298
Deposits at banks and financial Institutions	10,635,000	-	9,290,164	-	-	-	-	19,925,164
Credit Facilities-net:								
Individual (retail)	77,173,450	1,279,096	1,841,757	-	-	-	-	80,294,303
Property loans	105,333,824	20,453,730	-	-	-	-	-	125,787,554
Large companies	70,985,089	47,845,168	2,989,586	-	-	-	-	121,819,843
Small and medium companies (SMES)	198,993,947	-	7,484,354	-	-	-	-	206,478,301
Government & public sector	163,704,207	-	-	-	-	-	-	163,704,207
Bonds, debentures, and bills:								
Financial Assets at amortized cost	541,778,508	4,320,472	15,939,248	8,378,167	680,432	7,394,414	-	578,491,241
Other assets	18,590,624	641,168	245,448	-	-	-	-	19,477,240
<b>Total / Current year</b>	<b>1,382,470,984</b>	<b>166,827,978</b>	<b>57,596,755</b>	<b>8,416,615</b>	<b>1,213,718</b>	<b>20,028,327</b>	<b>63,070</b>	<b>1,636,617,447</b>
<b>Total / Comparative figures</b>	<b>842,350,403</b>	<b>45,776</b>	<b>87,092,949</b>	<b>157,652,347</b>	<b>1,044,410</b>	<b>26,555,199</b>	<b>105,949</b>	<b>1,114,847,033</b>

\* 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	122,822,296	-	-	-	-	-	-	-	122,822,296
Balances at banks and financial institutions	197,817,298	-	-	-	-	-	-	-	197,817,298
Deposits at banks and financial institutions	19,925,164	-	-	-	-	-	-	-	19,925,164
Credit facilities	6,181,554	137,496,033	178,338,475	125,746,588	1,078,427	5,244,621	80,294,303	163,704,207	698,084,208
Bonds, debentures, and bills:									
Financial Assets at amortized cost	13,805,530	10,073,922	18,350,124	1,031,259	-	-	-	535,230,406	578,491,241
Other assets	19,477,240	-	-	-	-	-	-	-	19,477,240
<b>Total / Current Year</b>	<b>380,029,082</b>	<b>147,569,955</b>	<b>196,688,599</b>	<b>126,777,847</b>	<b>1,078,427</b>	<b>5,244,621</b>	<b>80,294,303</b>	<b>698,934,613</b>	<b>1,636,617,447</b>
<b>Total / Comparative figures</b>	<b>322,277,197</b>	<b>53,717,915</b>	<b>85,985,255</b>	<b>63,785,919</b>	<b>965,293</b>	<b>7,220,302</b>	<b>58,191,165</b>	<b>522,703,987</b>	<b>1,114,847,033</b>

## 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.

## 1. Interest Rate Risk

### Sensitivity analysis 2014

Currency	Change (increase) in interest rate%	Sensitivity of interest revenue (profit & loss)	Sensitivity of shareholders' equity 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
US Dollar	1	(826,024)	-
Euro	1	156,794	-
British Pound	1	165,438	-
Japanese Yen	1	(4)	-
Others	1	(235,332)	-

### Sensitivity analysis 2013

Currency	Change (increase) in interest rate%	Sensitivity of interest revenue (profit & loss)	Sensitivity of shareholders' equity JD
US Dollar	1	488,624	-
Euro	1	(141,402)	-
British Pound	1	4,022	-
Japanese Yen	1	986	-
Others	1	4,446	-

Currency	Change (decrease) in interest rate%	Sensitivity of interest revenue (profit & loss)	Sensitivity of shareholders' equity JD
US Dollar	1	(488,624)	-
Euro	1	141,402	-
British Pound	1	(4,022)	-
Japanese Yen	1	(986)	-
Others	1	(4,446)	-

## 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 ( $\pm$  5%) of net profits and losses.

### Sensitivity analysis 2014

Currency	Change in currency exchange rate(%)	Effect on profits & losses JD	Sensitivity of shareholders' equity JD
Euro	5	7,518	-
British Pound	5	841,215	-
Japanese Yen	5	791	-
Others	5	350,143	-

### Sensitivity analysis 2013

Currency	Change in currency exchange rate(%)	Effect on profits & losses JD	Sensitivity of shareholders' equity JD
Euro	5	(874,573)	-
British Pound	5	653,071	-
Japanese Yen	5	2,585	-
Others	5	73,651	-

In case the decrease in the currency exchange rate amounts to the same mentioned above, 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 2014

Indicator	Change in equity prices (%)	Effect on profit & losses JD	Effect on shareholders JD
Amman Stock Exchange	5	2,160	579,004
Qatar Stock Exchange	5	-	69,618

### Sensitivity analysis 2013

Indicator	Change in equity prices (%)	Effect on profit & losses JD	Effect on shareholders JD
Amman Stock Exchange	5	5,044	627,932
Qatar Stock Exchange	5	-	71,768

If the stock exchanges 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.

December 31, 2014	Less than 1 Month JD	From 1 to 3 Months JD	From 3 to 6 Months JD	From 6 Months to 1 Year JD	From 1 to 3 Years JD	Over 3 Years JD	Non - interest Bearing Items JD	Total JD
<b>Assets</b>								
Cash and balances at central Banks of Jordan	-	45,500,000	21,100,000	-	-	-	71,562,869	138,162,869
Balances at banks and financial institutions	375,178	164,255,450	-	-	-	-	33,186,670	197,817,298
Deposits at banks and financial institutions	-	-	15,011,518	4,913,646	-	-	-	19,925,164
Financial Assets at amortized costs	9,348,000	1,424,241	31,873,501	57,333,354	216,981,695	261,530,450	-	578,491,241
Financial Assets at fair value through profit or loss	-	-	-	-	-	-	43,198	43,198
Direct credit facilities	151,355,019	51,282,322	61,993,317	49,299,540	204,619,962	179,534,048	-	698,084,208
Financial Assets at fair value through other comprehensive income	-	-	-	-	-	-	14,879,717	14,879,717
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
Other assets	724,783	724,783	-	-	-	-	32,890,774	34,340,340
Deferred tax assets	-	-	-	-	-	-	794,147	794,147
<b>Total Assets</b>	<b>161,802,980</b>	<b>263,186,796</b>	<b>129,978,336</b>	<b>111,546,540</b>	<b>421,601,657</b>	<b>441,064,498</b>	<b>221,042,892</b>	<b>1,750,223,699</b>
<b>Liabilities</b>								
Banks and financial institution deposits	4,189,012	403,066,712	10,635,000	-	-	-	-	417,890,724
Borrowed Funds	37,500,000	-	-	-	-	-	-	37,500,000
Customers' deposits	381,907,921	205,706,382	69,761,380	61,276,441	30,847,761	-	236,800,171	986,300,056
Cash collaterals	29,408,898	6,231,251	3,897,702	12,089,274	25,220	760	12,176,990	63,830,095
Sundry provisions	-	-	-	-	-	-	1,575,889	1,575,889
Income tax provisions	-	800,000	8,476,824	-	-	-	817,941	10,094,765
Other liabilities	-	-	-	-	-	-	14,485,909	14,485,909
<b>Total Liabilities</b>	<b>453,005,831</b>	<b>615,804,345</b>	<b>92,770,906</b>	<b>73,365,715</b>	<b>30,872,981</b>	<b>760</b>	<b>265,856,900</b>	<b>1,531,677,438</b>
<b>Interest rate sensitivity gap</b>	<b>(291,202,851)</b>	<b>(352,617,549)</b>	<b>37,207,430</b>	<b>38,180,825</b>	<b>390,728,676</b>	<b>441,063,738</b>	<b>(44,814,008)</b>	<b>218,546,261</b>
<b>December 31, 2013</b>								
<b>Total Assets</b>	<b>72,416,820</b>	<b>198,883,765</b>	<b>134,977,956</b>	<b>142,344,750</b>	<b>298,775,816</b>	<b>212,428,651</b>	<b>138,886,480</b>	<b>1,198,714,238</b>
<b>Total Liabilities</b>	<b>416,412,525</b>	<b>478,525,176</b>	<b>18,641,714</b>	<b>13,164,714</b>	<b>14,802,665</b>	<b>-</b>	<b>97,652,662</b>	<b>1,039,199,456</b>
<b>Interest rate sensitivity gap</b>	<b>(343,995,705)</b>	<b>(279,641,411)</b>	<b>116,336,242</b>	<b>129,180,036</b>	<b>283,973,151</b>	<b>212,428,651</b>	<b>41,233,818</b>	<b>159,514,782</b>

## 5- Foreign Currency Sensitivity Gap:

Currency December 31, 2014	USD JD	Euro JD	Sterling Pounds JD	Japanese Yen JD	Others JD	Total JD
<b>Assets</b>						
Cash and balances at Central Banks of Jordan	28,342,148	959,921	522,393	4,757	344,687	30,173,906
Balances and deposits at banks and financial institutions	165,612,981	11,069,174	8,177,722	38,448	25,640,366	210,538,691
Direct credit facilities	193,761,584	4,914,148	37,263	-	75,869,748	274,582,743
Financial securities at amortized cost	116,081,166	1,720,305	-	-	-	117,801,471
Assets through Comprehensive Income	35,672	-	-	-	1,864,913	1,900,585
Investments in associate company	-	-	16,811,282	-	-	16,811,282
Property and equipment - net	1,973,936	-	-	-	-	1,973,936
Other assets	333,761	18,140,452	11,120,544	-	(2,269,398)	27,325,359
<b>Total Assets</b>	<b>506,141,248</b>	<b>36,804,000</b>	<b>36,669,204</b>	<b>43,205</b>	<b>101,450,316</b>	<b>681,107,973</b>
<b>Liabilities</b>						
Banks and financial institutions deposits	153,332,360	8,622,609	190,934	-	17,534,469	179,680,372
Customers' deposits	317,945,221	27,358,707	19,495,834	27,311	66,891,082	431,718,155
Cash margins	12,475,931	639,122	142,025	-	9,534,143	22,791,221
Banking risks reserve	460,150	-	-	-	-	460,150
Sundry provisions	177,233	-	-	-	-	177,233
Deferred tax liabilities	304,321	-	-	-	-	304,321
Other liabilities	2,960,735	33,193	16,115	75	194,689	3,204,807
Retained earnings	21,554	-	-	-	-	21,554
Cumulative change in fair value	-	-	-	-	293,074	293,074
Share Issuance Premium	1,418,000	-	-	-	-	1,418,000
Non - Controlling Interest	21,205,674	-	-	-	-	21,205,674
<b>Total Liabilities</b>	<b>510,301,179</b>	<b>36,653,631</b>	<b>19,844,908</b>	<b>27,386</b>	<b>94,447,457</b>	<b>661,274,561</b>
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	205,940,189	30,401,839	1,012,505	2,677,086	19,710,558	259,742,177

December 31, 2013	USD JD	Euro JD	Sterling Pounds JD	Japanese Yen JD	Others JD	Total JD
Total Assets	331,405,649	22,900,024	19,555,299	84,569	55,266,517	429,212,058
Total Liabilities	311,754,673	40,391,474	6,493,874	32,870	53,793,493	412,466,384
Net concentration on balance sheet for the current year	19,650,976	(17,491,450)	13,061,425	51,699	1,473,024	16,745,674
Contingent liabilities off balance sheet for the current year	80,540,554	23,366,035	303,507	-	11,039,602	115,249,698

### (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 deposit 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 endeavors to maintain stable and reliable funding sources. Moreover, the Bank has a large customer base including individual customers, companies, and corporations.

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, 2014	Less than 1 month	1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 3 Years	Over 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
<b>LIABILITIES</b>								
Banks and financial institutions deposits	4,193,093	403,143,517	10,670,183	60,035	-	-	-	418,066,828
Borrowed Funds From Central Bank of Jordan	37,500,000	-	-	-	-	-	-	37,500,000
Customers' deposits	618,712,040	206,147,791	69,927,711	61,515,597	31,775,961	16,897	-	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
Sundry 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
<b>TOTAL LIABILITIES</b>	<b>689,814,031</b>	<b>616,348,676</b>	<b>92,972,567</b>	<b>73,671,125</b>	<b>31,814,178</b>	<b>20,522</b>	<b>29,056,729</b>	<b>1,533,697,828</b>
TOTAL ASSETS (according to expected maturities)	617,790,393	263,186,796	129,978,336	111,546,540	421,601,657	-	-	1,544,103,722

#### December 31, 2013

<b>LIABILITIES</b>								
Banks and financial institutions deposits	9,417,960	296,920,315	35,183	60,035	-	-	-	306,433,493
Borrowed Funds From Central Bank of Jordan	96,200,000	-	-	-	-	-	-	96,200,000
Customers' deposits	370,335,854	175,864,396	11,845,586	10,656,506	13,531,290	16,897	-	582,250,529
Cash margins	22,648,977	6,284,796	1,455,812	2,753,583	2,212,572	2,865	2,009,114	37,367,719
Sundry provisions	-	-	-	-	-	-	1,303,884	1,303,884
Income tax provision	-	-	5,506,794	-	-	-	1,422,429	6,929,223
Other liabilities	-	-	-	-	-	-	10,582,921	10,582,921
<b>TOTAL LIABILITIES</b>	<b>498,602,791</b>	<b>479,069,507</b>	<b>18,843,375</b>	<b>13,470,124</b>	<b>15,743,862</b>	<b>19,762</b>	<b>15,318,348</b>	<b>1,041,067,769</b>
TOTAL ASSETS (according to expected maturities)	284,841,555	198,883,765	134,977,956	142,344,750	298,775,816	-	-	1,059,823,842

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, 2014	Up to 1 month JD	1 to 3 months JD	3 to 6 months JD	6 months to 1 year JD	1 To 3 years JD	Over 3 years JD	Total JD
<b>Forward currency contracts</b>							
Outflows	50,400,340	-	-	-	-	-	50,400,340
Inflows	50,400,340	-	-	-	-	-	50,400,340

December 31, 2013

<b>Forward currency contracts</b>							
Outflows	84,838	-	-	-	-	-	84,838
Inflows	84,838	-	-	-	-	-	84,838

#### Off- the statement of financial position items:

2014	Up to 1year JD	More than 1-5 years JD	Over 5 years JD	Total JD
Letters of credit & acceptances / issued	85,937,123	-	-	85,937,123
Un-utilized facilities	51,869,661	-	-	51,869,661
Letters of guarantee	111,646,942	9,460,174	23,000	121,130,116
<b>Total</b>	<b>249,453,726</b>	<b>9,460,174</b>	<b>23,000</b>	<b>258,936,900</b>

2013	Up to 1year JD	More than 1-5 years JD	Over 5 years JD	Total JD
Letters of credit & acceptances / issued	30,228,809	-	-	30,228,809
Un-utilized facilities	12,544,217	-	-	12,544,217
Letters of guarantee	17,036,865	36,578,469	23,000	53,638,334
<b>Total</b>	<b>59,809,891</b>	<b>36,578,469</b>	<b>23,000</b>	<b>96,411,360</b>

## 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.

1- The Following represents information about the bank's sector activities

	Individual JD In Thousands	Corporate JD In Thousands	Treasury JD In Thousands	Others JD In Thousands	Total For the year ended December31, 2014 In Thousands	2013 In Thousands
Gross income	12,581	29,344	40,088	6,730	88,743	70,708
Provision for impairment of direct credit facilities	(611)	(1,064)	-	-	(1,675)	(1,357)
Bank's Share of income from associate Company	-	-	982	-	982	1,684
Segment results	11,970	28,280	41,070	6,730	88,050	71,035
Undistributed segment expenses					54,410	48,866
Income before tax					33,640	22,169
Income tax					9,277	5,507
<b>Income for the year</b>					<b>24,363</b>	<b>16,662</b>
Segment's assets	87,304	610,780	949,319	-	1,647,403	1,123,810
Investments in associate Company	-	-	16,811	-	16,811	13,719
Undistributed assets	-	-	-	86,010	86,010	61,185
<b>Total Segment's Assets</b>	<b>87,304</b>	<b>610,780</b>	<b>966,130</b>	<b>86,010</b>	<b>1,750,224</b>	<b>1,198,714</b>
Segment's liabilities	470,406	579,724	455,391	-	1,505,521	1,020,383
Undistributed liabilities	-	-	-	26,156	26,156	18,816
<b>Total Liabilities</b>	<b>470,406</b>	<b>579,724</b>	<b>455,391</b>	<b>26,156</b>	<b>1,531,677</b>	<b>1,039,199</b>
Capital expenses					14,843	7,218
Depreciation					1,710	1,558

## 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	
	2014	2013	2014	2013	2014	2013
	JD	JD	JD	JD	JD	JD
Total Revenues	81,629,442	63,893,143	8,095,944	8,498,422	89,725,386	72,391,565
Total Assets	1,632,027,413	1,059,880,796	118,196,286	138,833,442	1,750,223,699	1,198,714,238
Capital Expenses	16,418,465	6,099,637	(1,575,759)	1,118,474	14,842,706	7,218,111

## 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 15.46% as of December 31, 2014 (21.58% as of December 31, 2013).

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	
	2014	2013
	JD	JD
<b>Primary capital</b>		
Paid-up capital	150,000	100,000
Statutory reserve	20,974	17,920
Share Issuance Premium	1,418	1,418
Retained earnings	1,573	3,185
Non – controlling interest	9,690	7,840
Goodwill	(1,622)	(1,503)
Less: Real Estate owned by bank for more than 4 years	(2,227)	(1,478)
Less: Investments in banks, insurance companies and subsidiaries with unconsolidated financial statements	(12,331)	(11,425)
<b>Total primary capital</b>	<b>167,475</b>	<b>115,957</b>
<b>Supplementary capital:</b>		
Foreign currency translation adjustments	49	713
Cumulative change in fair value	(1,322)	(1,035)
General banking risk reserve	5,753	2,690
Less: Investments in banks, insurance companies and subsidiaries with unconsolidated financial statements	(4,480)	(2,368)
<b>The Total supplementary capital</b>	<b>-</b>	<b>-</b>
<b>Total regulatory capital</b>	<b>167,475</b>	<b>115,957</b>
<b>Total risk weighted assets</b>	<b>1,083,178</b>	<b>537,413</b>
<b>Capital adequacy ratio %</b>	<b>15.46%</b>	<b>21.58 %</b>
<b>Primary capital ratio %</b>	<b>15.46%</b>	<b>21.58 %</b>

## 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, 2014 was JD 11,608,613. 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, 2014	Up to 1 year JD	Over 1 year JD	Total JD
<b>Assets:</b>			
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
<b>TOTAL ASSETS</b>	<b>1,242,361,694</b>	<b>507,862,005</b>	<b>1,750,223,699</b>
<b>Liabilities:</b>			
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
<b>Total liabilities</b>	<b>1,235,378,290</b>	<b>296,299,148</b>	<b>1,531,677,438</b>
<b>Net</b>	<b>6,983,404</b>	<b>211,562,857</b>	<b>218,546,261</b>

December 31, 2013	Up to 1 year JD	Over 1 year JD	Total JD
<b>Assets:</b>			
Cash and balances at Central Bank of Jordan	96,470,746	-	96,470,746
Balances at banks and financial institutions	183,332,104	-	183,332,104
Deposits at banks and financial institutions	12,611,089	-	12,611,089
Financial assets at amortized cost	400,713,962	38,233,383	438,947,345
Financial assets at fair value through Profit or Loss	108,876	-	108,876
Financial assets at fair value through Comprehensive Income	15,024,519	-	15,024,519
Direct credit facilities	117,072,570	260,242,281	377,314,851
Investments in associate company	-	13,719,485	13,719,485
Property and equipment-Net	-	36,238,624	36,238,624
Intangible assets-Net	-	1,502,996	1,502,996
Deferred tax assets	-	655,793	655,793
Other assets	14,109,556	8,678,254	22,787,810
<b>TOTAL ASSETS</b>	<b>839,443,422</b>	<b>359,270,816</b>	<b>1,198,714,238</b>
<b>Liabilities:</b>			
Banks and financial institutions' deposits	306,257,389	-	306,257,389
Borrowed Funds from the Central Bank of Jordan	96,200,000	-	96,200,000
Customers' deposits	377,843,371	202,763,294	580,606,665
Cash margins	33,110,685	4,208,689	37,319,374
Sundry provisions	-	1,303,884	1,303,884
Income tax provision	5,506,794	1,422,429	6,929,223
Other liabilities	2,558,063	8,024,858	10,582,921
<b>Total liabilities</b>	<b>821,476,302</b>	<b>217,723,154</b>	<b>1,039,199,456</b>
<b>Net</b>	<b>17,967,120</b>	<b>141,547,662</b>	<b>159,514,782</b>

## 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
	2014	2013				
Financial assets at fair value:	JD	JD				
Financial assets at fair value through profit or loss						
Companies shares	43,198	108,876	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
<b>Total</b>	<b>43,198</b>	<b>108,876</b>				
Foreign currency futures contracts	50,400,340	84,838	level 1	quoted rates in financial markets	Not Applicable	Not Applicable
Financial assets at fair value through comprehensive income						
Shares available at market price	12,972,424	13,367,226	level 1	quoted rates in financial markets	Not Applicable	Not Applicable
Shares not available at market price	1,907,293	1,657,293	level 2	compare to similar financial instruments	Not Applicable	Not Applicable
<b>Total</b>	<b>14,879,717</b>	<b>15,024,519</b>				
<b>Total financial assets at fair value</b>	<b>14,922,915</b>	<b>15,218,233</b>				
Financial Liabilities at fair value	-	-				
Foreign currency futures contracts	-	-	level 1	quoted rates in financial markets	Not Applicable	Not Applicable
<b>Total Financial Liabilities at fair value</b>	<b>-</b>	<b>-</b>				

There were no transfers between level 1 and 2 during 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 why the following item's Book value are approximately equal to Fair value due to either their short term maturity or to there mtoest rates being repriced during the year.

	December 31, 2014		December 31, 2013		Fair value Hierarchy
	Fair value	Book value	Fair value	Book value	
	JD	JD	JD	JD	JD
<b>Financial assets not calculated at fair value</b>					
Balances at central banks	122,822,296	124,230,460	88,532,088	88,532,088	level 2
Balances at banks and financial institutions	197,817,298	198,281,066	183,332,104	183,332,104	level 2
Deposits at banks and financial institutions	19,925,164	19,962,457	12,611,089	12,611,089	level 2
Loans and other bills	602,998,074	611,118,913	377,314,851	377,314,851	level 2
Financial assets at amortized costs	578,491,241	587,732,520	438,947,345	438,947,345	level 1&2
<b>Total Financial assets not calculated at fair value</b>	<b>1,522,054,073</b>	<b>1,541,325,416</b>	<b>1,100,737,477</b>	<b>1,100,737,477</b>	
<b>Liabilities not calculated at fair value</b>					
Banks and financial institution deposits	417,890,724	418,508,880	306,257,389	306,257,389	level 2
Customer deposits	986,300,056	988,920,404	580,606,665	580,606,665	level 2
Cash margins	63,830,095	63,943,400	37,319,374	37,319,374	level 2
Borrowed funds	37,500,000	37,500,000	96,200,000	96,200,000	level 2
<b>Total Liabilities not Calculated at Fair Value</b>	<b>1,505,520,875</b>	<b>1,508,872,684</b>	<b>1,020,383,428</b>	<b>1,020,383,428</b>	

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 the reflects the credit risk of counterparties.

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

### A- Contingent Liabilities:

	December 31, 2014	
	2014	2013
	JD	JD
<b>Letters of credit:</b>		
Export	37,989,426	11,478,787
Import (backed)	526,393	4,173,155
Import (not backed)	67,780,435	59,966,286
<b>Acceptance:</b>		
Export / letter of credit	36,250,410	12,413,160
Export / policies	11,697,287	6,336,862
Import (not backed)	12,013,290	4,224,141
<b>Letters of guarantee:</b>		
Payments	33,750,040	18,751,758
Performance	50,652,537	14,769,633
Other	36,727,539	20,116,943
Forward contracts	50,400,340	84,838
Un-utilized facilities	51,869,661	12,544,217
<b>Total</b>	<b>389,657,358</b>	<b>164,859,780</b>

B. There are contractual commitments to purchase fixed assets, or constructional contracts, that has an estimate value of JD 8 Million as of 31 December 2014.

C. There are no guarantees provided against contractual obligations.

D. Operating and finance lease contracts

The minimum capital lease payment is as follows:

	2014	2013
	JD	JD
Within one year	744,616	650,000
<b>Total</b>	<b>744,616</b>	<b>650,000</b>

## 49. Lawsuits against the Bank

The lawsuits against the bank amounted to JD 9,013,320 and JD 8,381,447 as of December 31, 2014 and 2013 respectively, 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. Moreover, the amounts paid by the Bank against concluded or amicably settled lawsuits are taken to the consolidated statement of income upon payment.

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

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

The following new and revised IFRSs have been adopted in the preparation of the consolidated financial statements for which they did not have any material impact on the amounts and disclosures of the financial statements; however, they may affect the accounting for future transactions and arrangements.

Amendments to IAS 32:  
Financial Instruments

Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.

Amendments to IAS 36:  
recoverable amount disclosures

The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.

Amendments to IAS 39:  
Financial Instruments, Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting

The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities

On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs.

B. New and Revised IFRSs issued but not yet effective

The following new and revised IFRSs have been issued but are not effective yet:

The Bank has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

**Effective for Annual Periods  
Beginning On or After**

IFRS 15: Revenue from Contracts with Customers 1 January 2017

IFRS 9 Financial Instruments (2014) In July 2014 the final standard of IFRS 9 was issued introducing: 1 January 2018

1-New classification for debt instruments that are held to collect contractual cash flows with ability to sell, and related measurement requirement consists of “fair value through other comprehensive income (FVTOCI).

2-Impairment of financial assets applying expected loss model through 3 phases, starting by 12 month expected impairment loss to be initiated on initial recognition of the credit exposure, and life time impairment loss to be recognized upon significant increase in credit risk prior to the date the credit exposure is being impaired, and phase 3 when the loan is effectively impaired.

Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations. 1 January 2016

Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization. 1 January 2016

Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16. 1 January 2016

**Effective for Annual Periods  
Beginning On or After**

Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business. 1 January 2016

Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity’s separate financial statements. 1 January 2016

Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities. 1 January 2016

Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. 1 January 2016

Annual Improvements to IFRSs 2012 - 2014 1 July 2016

Management anticipates that each of the above standards and interpretations will be adopted in the consolidated financial statements by its date mentioned above without having any material impact on the bank’s consolidated financial statements, except for IFRS 15 and IFRS 9. Management anticipates that IFRS 15 and IFRS 9 will be adopted in the bank’s consolidated financial statements for the annual period beginning 1 January 2017 and 1 January 2018 respectively. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the bank’s consolidated financial statements in respect of revenue from contracts with customers and the bank’s consolidated financial assets and consolidated 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.

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