

Annual Report 2014





His Majesty King Abdullah II Ibn Al Hussein



His Royal Highness Crown Prince Al Hussein Bin Abdullah II

Table of Contents

Board of Directors	08
Mission, Vision and Strategy	09
Letter from the Chairman	12
Board of Directors' Report	20
Analytical Overview of Domestic and Global Economic Performance	32
Corporate Governance Code	44
Auditor's Report	62
Financial Statements for the Year Ended 31 December 2014	64
Disclosures required by Jordan Securities Commission	130

Board of Directors

Year 2014

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

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

Members
Mr. Kim Fouad Saad Abu Jaber

Investment & Integrated Industries Co. Plc, represented by:
Mr. Omar Mohamed Ibrahim Shahrour

Social Security Corporation, represented by:
Mr. Issam Abdallah Yousef Al-Khatib

Al-Khalil Investments, represented by:
Mr. Khalil Hatem Khalil Al-Salem

Al-Jadara Company for Real Estate Investment, represented by:
Mr. Sultan Mohammed M. El-Seif

Hotaf Investment Company, represented by:
Mr. "Mohammed Ali" Khaldoun Al-Husry

Mr. Mazen Bin Ahmed M. Al- Jubeir

Mr. Jawad Abdel Reda Al-Qassab

Mr. "Mohammed Said" Mohammed Ibrahim Shahin

* There has been no change in the members of the Board of Directors compared with 2013.

Mission, Vision & Strategy

Our Mission

Our mission is to serve our corporate and individual customers by building a comprehensive banking relationship in both the Jordanian and Iraqi markets. Through this, we provide integrated and interconnected financial and banking services of the highest quality with the aim of adding true value to our customers and maximizing the return on shareholders' equity.

Our Vision

Our vision is to be the leading bank in the Jordanian and Iraqi markets. This will be achieved by offering advanced and specialized financial, investment and trading products to outstanding businesses and customers through our banking network, and at a high level of quality in both markets.

Our Strategy

Our strategy is to capitalize on our cutting-edge position in providing specialized services to corporate and individual customers, investing in Jordan, and offering pioneer services that meet the needs of our customers in Jordan and Iraq as well as corporations operating in both countries. As such, we are the only Jordanian bank to be present in Iraq through the ownership of a majority stake in the National Bank of Iraq (NBI). To reinforce this, we seek to strengthen the relationship between Capital Bank, Capital Investments and NBI in order to provide accessible and comprehensive services at the group level. Capital Bank's commitment to implementing international banking standards at NBI enables it to provide unique services in the Iraqi market in order to keep up to pace with the opportunities created by the growth in this promising market.

Building a Prosperous Country

The advancement and development of our country is the top priority of our visions and strategies.



Letter from the Chairman

Dear Capital Bank Shareholders,

I am pleased to welcome you on behalf of the Board of Directors and present our Annual Report, which captures the Bank's operating results, achievements and consolidated financial statements for the year ended 31 December 2014, in addition to the future plans that the Bank seeks to implement.

Ladies and Gentlemen,

It gives me great pride to report that we have achieved outstanding results in 2014 thanks to the dedication of our staff and prudence of the management team, putting shareholders' interests first and turning obstacles into opportunities, thus effectively enabling the Bank to achieve positive results amidst a bleak economic and political backdrop.

Ladies and Gentlemen,

Year 2014 was not the best year for the national economy due to the slowdown seen in most economic activities. Two reasons account for this slowdown; first, the uncertainty gripping the local economy as a result of the deteriorating political and security conditions in the region. Second, the conservative fiscal policy adopted by the government under an IMF-supervised economic reform program in the aftermath of the acute energy crisis that cast its shadow on all economic indicators, particularly foreign reserves, budget deficit and public debt which reached unprecedented levels.

The program achieved its envisaged goals of reducing the budget deficit by more than half from over 8% of GDP at the end of 2013 to 3.5% of GDP at the end of 2014. External accounts, specifically the balance of payments and current account saw a significant improvement leading to a rise in the Central Bank's foreign reserves from USD6 billion at the end of 2012 to USD11 billion at the end of 2014, covering the Kingdom's imports for seven months. More importantly, many structural imbalances in the state budget were corrected, providing a solid platform for a balanced and sustainable economic growth. Year 2015 offers a valuable opportunity that we must grasp, namely the steady decline in oil prices, which we expect to have a positive impact on the Jordanian economy through reduced inflation and interest rates and higher disposable income, which we believe will positively reflect on consumer spending especially if we take into account the high propensity for consumption in Jordan.

For the Iraqi economy, 2014 was the hardest since 2003. The IMF projected a 0.5% contraction in the Iraqi economy in 2014 due to the growing influence of terrorist groups and the decline in global oil prices as a result of the supply gap created by the global economic slowdown and the advances in shale oil extraction technology, in addition to complex political factors that have driven oil prices down by more than 50%. This has had a negative impact on Iraq's foreign reserves, falling by about USD10 billion to reach USD67 billion. This is despite the significant rise in Iraq's production of crude oil, reaching on average 2.9 million barrels per day, a figure likely to increase, especially after the agreement reached between the Central Government and the Kurdistan Region on the distribution of oil revenues.

However, in light of recent developments and ongoing efforts by the Iraqi government, we expect this economic contraction to turn into growth. We also expect all projects that have stopped because of the war to resume, including Al-Faw Grand Port, which will be the largest in the region.

We at Capital Bank still believe in the promising opportunities offered by the Iraqi market. In spite of all the challenges facing the Iraqi economy, there remains a strong growth potential with abundant natural resources such as oil and natural gas, attractive demographic and geographic factors and a need for hundreds of billions in investments to rebuild the Iraqi infrastructure destroyed by three cruel wars.

In 2015, we seek to provide more services in the Iraqi market, such as custodial services for investors wishing to invest in Iraq's financial market. In addition, we intend to obtain a credit rating for the National Bank of Iraq (NBI) to enable it to strengthen its connections with the outside world. We also aspire to expand our geographical presence by doubling the number of our branches over the next two years to cover the largest possible part of the Iraqi market. Year 2015 will also witness the launch of a range of electronic banking services.

Ladies and Gentlemen,

Despite the above-mentioned circumstances, Capital Bank was able to achieve outstanding financial results in 2014 as pre-tax net profit increased to JD50.1 million compared to JD48.7million in 2013. The Bank generated JD36.3 million in after-tax profit in 2014, compared to JD37 in 2013. Assets grew by 9.3% to JD2.1 billion at the end of 2014. Customer deposits increased by 8.2% during the same period to reach JD1.1 billion, a testament of growing customer confidence in Capital Bank's ability to safeguard customers' savings while maximizing potential benefits.

These items positively mirror the key indicators of the Bank's financial strength and soundness, which met all the requirements of Basel Committee and the Central Bank of Jordan. The capital adequacy ratio, the most important measure of the strength of banks and their resilience to shocks, stood at 19%, a positive rate that reflects the Bank's solid position and ability to overcome the greatest challenges.

Non-performing loans witnessed a decrease in 2014 standing at 5.8% of the total credit facilities portfolio compared to 6.7% in 2013, a clear indicator of the Bank's prudent credit policies and strong ability to assess risks.

Ladies and Gentlemen,

Similar to the positive results achieved by Capital Bank, the Jordanian banking sector continued to make gains in 2014. Its assets grew by 4.9% to reach JD44.4 billion, while credit facilities granted by banks grew by 5% to reach JD19.2 billion. Meanwhile, non-performing facilities dropped to 6.2% of total facilities compared to 7% in 2013. Customer deposits grew by about 9.7% to reach JD30.3 billion, of which JD6.2 billion were in foreign currencies.

These remarkable achievements would not have been possible without the prudent and relentless efforts of the Central Bank of Jordan over the past years to safeguard the integrity and soundness of the banking sector in line with global best practices and standards. Over the past two years, the Central Bank of Jordan exerted exceptional efforts in managing the monetary policy to rebuild its foreign currency reserves drained by the energy crisis by taking deflationary measures to enhance the attractiveness of the Jordanian dinar against foreign currencies and then stimulating economic activity by adopting an expansionary monetary policy marked by a recent cut of the overnight window rate by 100 basis points.

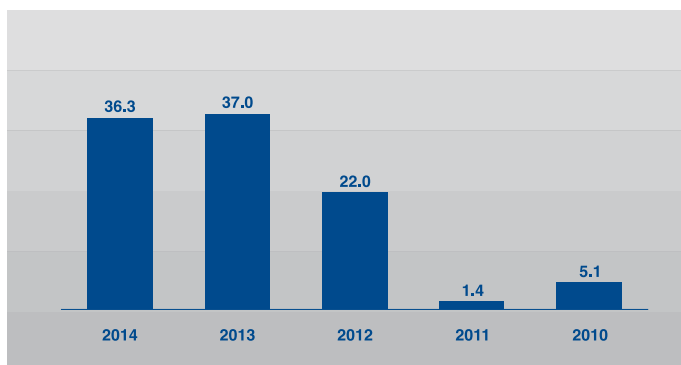
Ladies and Gentlemen,

In conclusion, I extend my greatest gratitude to all the Bank's shareholders for their continued support, to our valued customers for their ongoing confidence and support, to the Bank's employees in their various positions for their hard work and dedication in performing their duties and responsibilities, and to the Central Bank of Jordan for its tireless efforts - confirming to you all our enduring commitment to moving forward along the path of success and achievement under the leadership of His Majesty King Abdullah II bin Al Hussein.

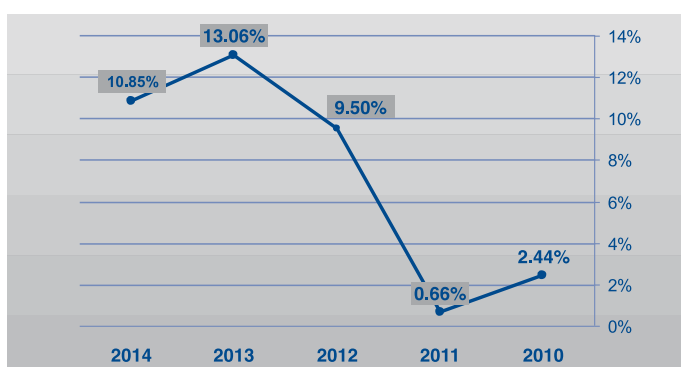
Bassem Khalil Al-Salem
Chairman of the Board of Directors

Net Profit after Tax

JD Million



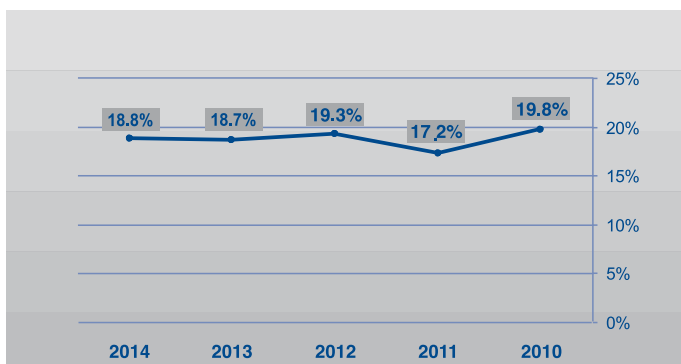
Return on Average Total Equity



Return on Average Assets

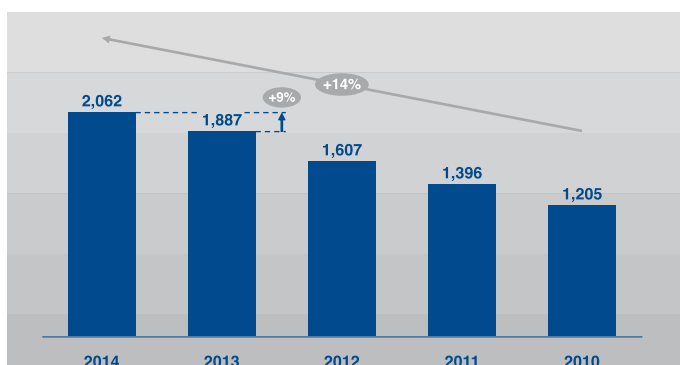


Capital Adequacy Ratio



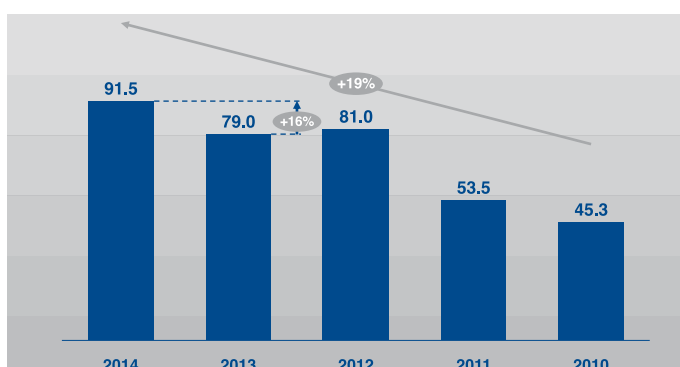
Total Assets

JD Million



Gross Income

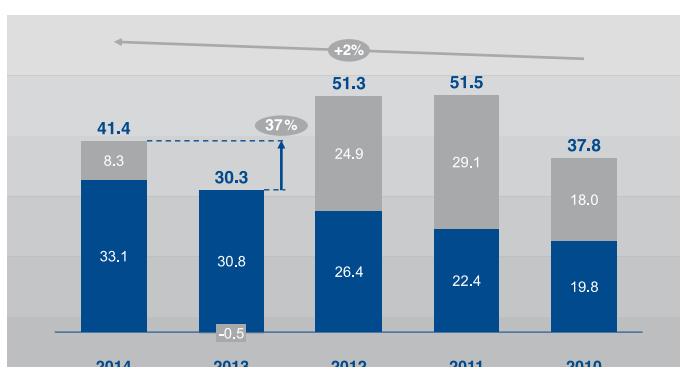
JD Million



Expenditures

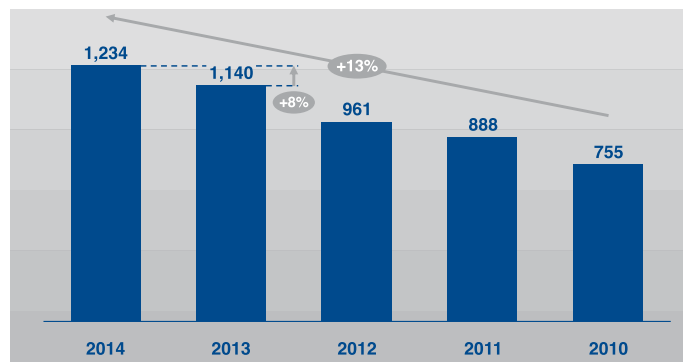
JD Million

- Provisions and other non-operating expenses
- Employee and other operating expenses

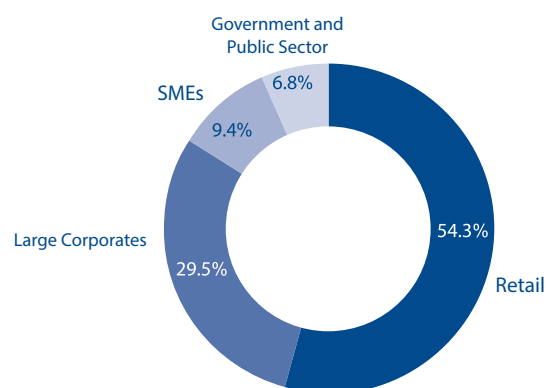


Total Customer Deposits

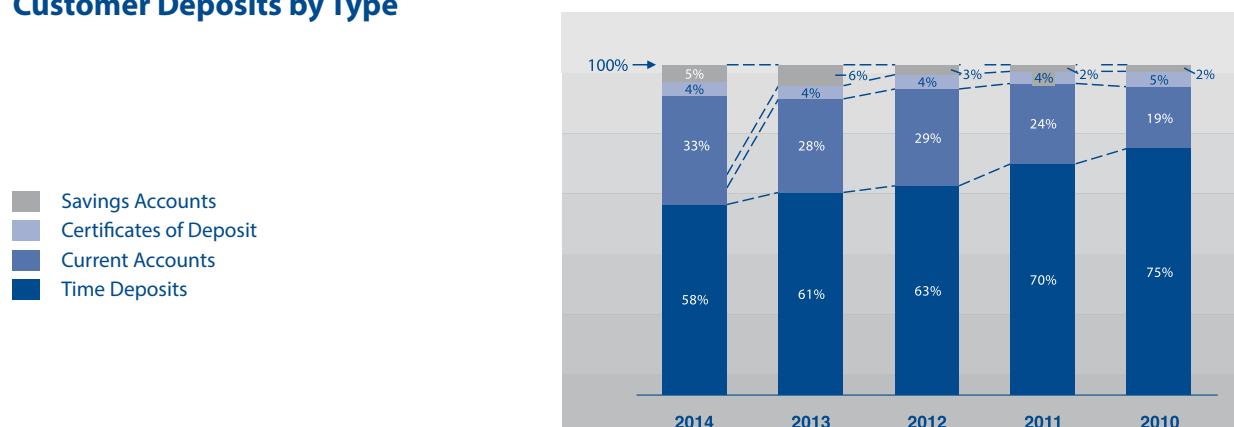
JD Million



Customer Deposits by Sector (2014)

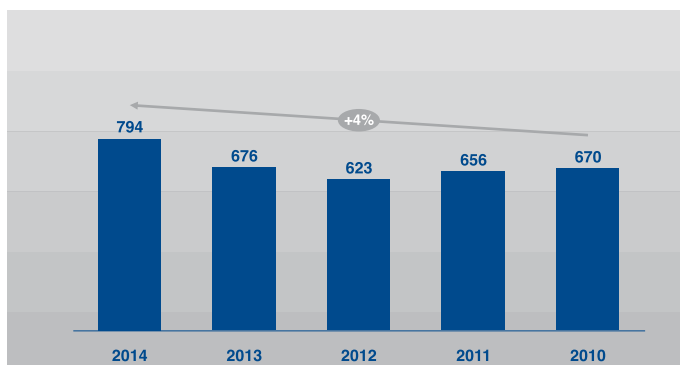


Customer Deposits by Type

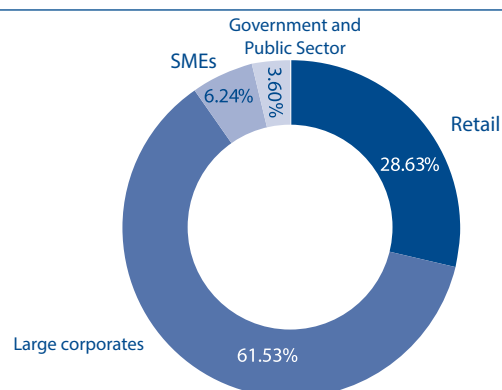


Net Facilities

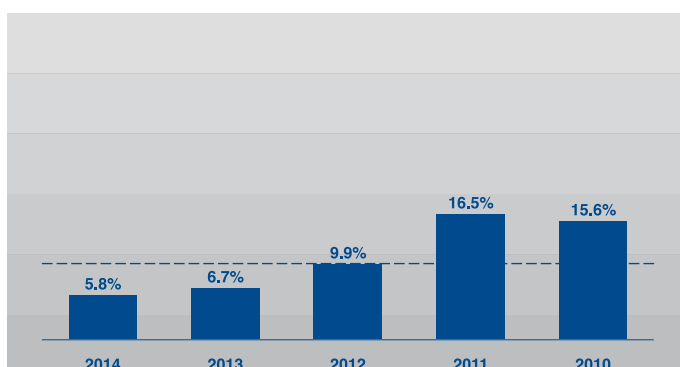
JD Million



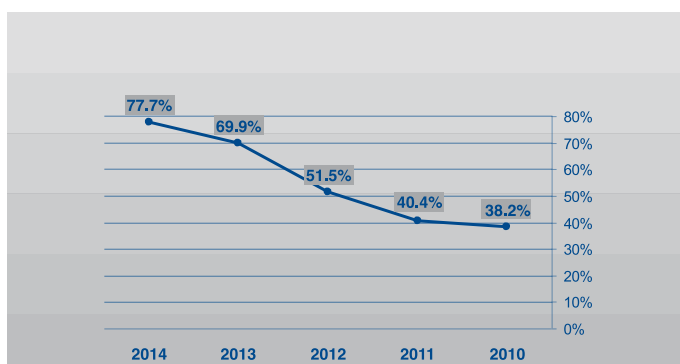
Total Facilities by Sector (2014)



Non-Performing Loans Ratio



Non-Performing Loans Coverage Ratio (Net of interest in suspense)



Supporting SMEs' Growth

We offer SMEs an opportunity to grow through flexible loans, and innovative and practical solutions.



Board of Directors' Report 2014

The Board of Directors of Capital Bank is pleased to take this opportunity to update shareholders about the administrative and financial developments in the Bank's 2014 results. It is pleased to present the 17th Annual Report and Financial Statements of the Bank for the year 2014, featuring its achievements, activities, services and products.

As you know, last year posed many political and economic challenges for the national economy, affecting the various economic sectors and the financial sector. However, despite all these difficulties, good financial results were achieved, a proof of the effectiveness of the fiscal reform plans and programs implemented by Jordan since 2012 and the efficiency of the banking sector in dealing with risks and turning challenges into opportunities as seen in the financial results achieved by the sector during the year.

The Bank continued to achieve its envisaged strategic goals. It built on its successes over the past years with more outstanding results whether in terms of profitability, boosting the confidence of its retail and corporate customers in the various economic sectors and promoting the Iraqi market despite the political and economic turbulence.

Ladies and Gentlemen,

We still have much work ahead of us if we want to achieve our goals as the fourth largest bank in terms of capital. These goals include increasing our market share and stimulating economic activity in Jordan which would eventually have a positive impact on the Bank and its shareholders who have given it their confidence and continued support in all steps. The Bank also enjoys the confidence of local and regional financial and banking institutions as the fastest growing bank in Jordan. It has earned a distinguished place among local and regional banks, something which we are all proud of.

Ladies and Gentlemen,

The Bank succeeded in enhancing its local and regional banking services and expanding its operations in the local market as well as in the Iraqi market despite the challenges facing the local and regional economies. These serious challenges affected not only us but everyone, the government and the private sector alike. However, thanks to its prudent policies, the Bank was able to increase its profits in 2014. Pre-tax net profit increased to JD50.106 million at the end of 2014 compared to JD48.731 million at the end of 2013, a growth of 2.8%. The Bank generated JD36.3 million in after-tax profit at the end of 2014, compared to JD37.03 at the end of 2013. Its assets grew by 9.3% to JD2.061 billion at the end of 2014 compared to JD1.886 billion at the end of 2013. Customer deposits increased by 8.2% to reach JD1.234 billion at the end of 2014 compared to JD1.140 billion at the end of 2013. Total facilities provided by the Bank to the various economic sectors increased by 16.6% to reach JD857.024 million, compared to JD735.317 million in 2013, reflecting the growing confidence of customers from the various sectors in the Bank as the preferred option given its outstanding achievements.

Ladies and Gentlemen,

Capital Bank will continue to implement its plan, successfully turning challenges into opportunities with positive results for the Bank, its shareholders and customers as well as the national economy in general. It will continue to create new financing products to serve the main sectors at preferential rates. It aims to attract more large corporations and expand the services provided to SMEs because of their important role in stimulating growth, serving the economic community and reducing unemployment. The Bank has shown greater interest in SMEs in line with local, regional and international developments in this regard and has been proactive in serving these vital sectors.

Ladies and Gentlemen,

Despite the economic and political challenges facing Iraq, the Bank's strategic vision for this market grows stronger every day with more and more hope that 2015 will see a significant improvement in economic activities as a result of stability. Investing in owning 61.85% of the capital of NBI has represented an opportunity to promote economic growth and Jordanian exports and increase opportunities for investors in Iraq. This has affected the level of income, profits and deposits of NBI, Capital Bank and the national economy in general.

Capital Bank believes that there are many great opportunities waiting to be tapped. However, investing in these opportunities requires the concerted efforts of the government and the private sector in many areas, particularly those that contribute to improving Jordan's competitiveness and business environment. This may be done through a genuine partnership between the public and private sectors to come up with joint mechanisms to stimulate growth and create an attractive investment environment that safeguards achieved gains and fosters the optimism noted in many economic indicators.

The Board of Directors' detailed report of the Bank's business and achievements in 2014 is outlined below:

Large Corporates Department

In 2014, the Bank continued to provide a varied range of financial services and credit and banking products to meet the needs of the customers of the Large Corporates Department and increase its market share in spite of the regional circumstances by pursuing a cautious credit policy and relying on advanced banking tools and competent human resources. The Department achieved the following:

- Attracting a number of large corporations by granting them banking facilities against good guarantees in addition to lending a number of public sector agencies and companies with a government guarantee.
- Expanding the financing of green energy projects in collaboration with the French Development Agency and the CBJ. We are proud to be the first bank to provide financing for a 10MW PV power station in Jordan.
- Continuing the implementation of a number of specialized programs and financing agreements in cooperation with a number of international institutions such as the Saudi Fund for Development to encourage exports and the Arab Trade Financing Program with the Arab Monetary Fund and the Corporate Financing Program, guaranteed by OPIC.
- Implementing new financial products in the industrial, tourism, and renewable energy sectors at reduced interest rates with Central Bank of Jordan support.
- Closely monitoring the quality of the credit portfolio and addressing accounts that may have problems meeting their obligations due to the prevailing economic circumstances.

SMEs Department

Capital Bank has shown great interest in SMEs in line with its strategy which focuses on SMEs as the main driver of economic growth and for their role in employment generation. The Bank aims to expand its scope of business by providing a comprehensive range of programs that meet the requirements of this sector. The SMEs Department has achieved a number of accomplishments that prove the effectiveness of the Bank's strategy in developing this sector. These include:

- Direct facilities portfolio growth of 37% over 2013 as a result of a clear plan which focused on a distinct segment of SME customers.
- Creating new products that meet local market requirements to attract and serve new customers in a timely manner.
- Activating agreements signed with third parties to support and encourage SMEs, including OPIC and the Jordan Loan Guarantee Corporation.

Branches and Direct Sales Department

The Branches and Direct Sales Department aims to provide premium services to customers by developing branch and direct sales employees' skills in order to offer comprehensive banking solutions to Capital Bank customers.

The Department achieved its goals and target figures for 2014 by developing the various products of the retail deposits and facilities portfolio, providing training and holding specialized courses for employees.

By applying the Bank's 'Excellence in Service' strategy, branches have been expanded and renovated to stay consistent with Capital Bank standards.

Following Central Bank of Jordan instructions and in keeping with the Branches and Direct Sales Department's interest in communicating with customers, a project has been launched to update customer information to improve the delivery of banking services.

VIP Customers Branch

Capital Bank continued, through Capital Select Branch, to provide distinguished services to VIP customers (individuals and companies) seeking excellent, high-quality banking services in terms of speed, accuracy and customer care. Capital Select enables customers to carry out all their banking transactions with full flexibility, ease, and speed. The Bank is continuously developing its products to meet the needs of its VIP customers.

Personal Banking Department

The Personal Banking Department sought to provide a more effective customer service to maximize the Bank's profits. The department's 2014 achievements include:

- In line with the Bank's strategy and commitment to provide customers with the best services, the Department provided products with more competitive advantages. The Bank continued to provide financing for real estate purchase as well as housing loans for expatriates and Iraqi residents on easy terms. In addition, personal loans with competitive features were granted. The Bank also provided banking solutions for the purchase of power saving and power generation equipment. It expanded the credit card product to provide various types of cards with competitive features.
- Procedures for granting personal loans were amended and simplified to ensure the efficient and speedy processing of applications and better customer service. Additionally, the life insurance contract was developed in the interest of both the customers and the Bank.
- Moody's credit rating system, "Retail Scorecard Model", was implemented to maintain the quality of the credit portfolio.
- The retail facilities portfolio grew by 16% in 2014.

Electronic and Alternative Channels Department

For the purpose of developing the electronic channels of Capital Bank and the National Bank of Iraq, several electronic channels were developed, upgraded and launched. These include developing and expanding the work of Capital Contact Center, in addition to the launch of several new products and services such as Business Credit Card, Visa Signature, MasterCard World Card, MasterCard Prepaid Card, SMS Banking and Email Gateway for large and medium-sized companies.

Capital Bank is now a principal member of MasterCard and NBI is an affiliate member of VISA. The Bank is also cooperating with Veloce to provide access to airport lounges to Capital Bank customers carrying the Platinum Card, the Business Card and Visa Signature.

Product Development Department

In 2014, the Product Development Department continued to support renewable energy and environmentally friendly projects in the business sector, including large corporates and SMES, as well as the retail sector.

To develop credit facilities and loan services, the Bank continued its Capital Housing Loans Program and Capital Personal Loans Program. It also introduced its revamped credit cards product to meet customers' aspirations.

The Department is responsible for the integration and harmonization of the Bank's products and services offered to the business sector to provide packages that meet the needs of their continuous development and growth and fulfill the aspirations of their employees in addition to supporting suppliers and service providers from the SMEs sector. In doing so, the Department ensures that the Bank is the best choice and the best partner that offers banking solutions with innovative technology.

Treasury and Investment Department

In 2014, the Bank maintained good liquidity ratios through the active and effective management of its assets and liabilities by the Treasury and Investment Department which effectively managed cash flows through various market instruments including repurchase agreements and currency swaps, etc. It maintained the Bank's solvency, fulfilled its obligations, and met the needs of its retail and corporate customers. It also efficiently managed liquidity and market risks, diversified sources of funds and improved the quality of the Bank's assets in line with the Bank's strategic directions and investment policy as well as CBJ instructions.

The Treasury and Investment Department maintained acceptable profitability levels and good interest rate margins despite the decline in revenues from instruments invested in dinars and foreign currency and the drop in oil prices in the fourth quarter of the year which has had a negative impact on the stock portfolios invested in the GCC stock markets. It managed to do so through the diversification of the Bank's sources of income and maximization of return through the optimal use of sources of funds and utilization of market instruments to achieve excellent earnings, taking into account the local and regional developments to maintain the stability of the Bank's financial position. In addition, the Department continued to attract more deposits from institutions and individuals and to provide appropriate solutions to its retail and corporate customers to hedge exchange rate and interest rate risk.

Below are the Department's most important activities:

- Investing in Jordanian treasury bills and bonds and securities guaranteed by the Jordanian government.
- Investing in debt instruments issued by Jordanian and regional companies with high financial solvency levels and credit ratings.
- Buying shares in local, regional and international companies with high growth potential and good investment returns.
- Investing in investment funds with excellent previous performance and an acceptable level of risk.
- Investing in securities structured to meet the needs of the Bank.
- Manage the positions of foreign currencies and the dinar in order to achieve the best possible returns within the prescribed percentages and in line with Central Bank of Jordan regulations.

The Department continued to provide excellent services to the Bank's customers in the spot and forward foreign exchange market. The Treasury and Investment Department continued to provide its usual services, including:

- Issuing certificates of deposits in JD and major currencies with different terms and at competitive rates.
- Providing foreign currency exchange against JD and USD in the spot and forward markets with different terms and at competitive rates for all customers including individuals, corporations and exchange companies.
- Trading in money market and capital market instruments on behalf of its customers, including treasury bills and bonds, negotiable instruments, and debt instruments.
- Cash and margin trading in the spot and forward foreign exchange markets.
- Currency and interest rate swaps.

- Providing advice and guidance to the Bank's retail and corporate customers on how to hedge against fluctuations in interest and exchange rates, as well as proposing appropriate hedging instruments by using traditional market instruments or derivatives.
- Providing underwriting services for IPOs of government or government-guaranteed securities for companies and individuals whilst providing safe custodial services for such securities at competitive rates.

The Department continued to expand operations in Iraq through the NBI and to provide NBI staff with the necessary expertise to increase the market share and maximize profits.

The Department's Exchange Unit also continued its hard work in managing and planning all business activities and services provided to exchange companies including the purchase and sale of currencies and the acceptance of deposits and withdrawals in accordance with the Bank's ambitions and strategies aimed at expanding the provision of services to all sectors in line with Central Bank of Jordan policies with the following main objectives:

- Providing adequate liquidity and increasing the cash reserve in the Bank.
- Providing hard currency for the local market.
- Increasing outgoing and incoming remittances.
- Facilitating the work of exchange companies through centralized service which will positively affect the Bank's profits.
- Monitoring exchange companies' sources of money in cooperation with the anti-money laundering compliance department.
- Executing sale and purchase transactions of foreign currency, deposits and withdrawals in coordination with the Treasury and Compliance Departments.

As part of its future strategy, the Department aims to provide the best services to its customers and develop innovative new products to keep pace with developments in the banking and investment sectors, such as options and futures. Additionally, the Department seeks to expand the Bank's investments in various areas, instruments and opportunities. It aims to benefit from favorable market conditions for certain instruments and to maximize the Bank's returns within an acceptable risk framework in line with investment policy limits and Central Bank of Jordan regulations. The Department is keen to provide NBI with expertise and staff training in order to build a solid base for the Bank's development and growth in the Iraqi banking sector and benefit from the investment opportunities in the Iraqi market.

Financial Institutions Department

The Financial Institutions Department played a key role in 2014 by bringing about new opportunities to deal with many banks and financial institutions and establish banking relations with them to meet the Bank's needs and expand its scope of operations and presence. It also strengthened existing banking relations characterized by professionalism and transparency. The Department expanded its network of top-notch correspondent banks, which enhanced the Bank's ability to execute its activities in foreign trade, treasury operations and credit facilities. In addition, this has enabled the Bank to enjoy greater flexibility in covering a larger number of international markets.

Capital Bank received the prize for best commercial bank in Jordan for 2014, one of the financial awards given out by World Finance magazine, which is focused on financial and banking affairs. The magazine is considered the most renowned magazine in London covering financial markets. The award was announced at a ceremony held by World Finance at the London Stock Exchange, in which many banks participated.

Despite the recent political challenges facing Iraq, Capital Bank management contributed effectively to the execution of NBI's foreign trade operations, demonstrating its ability to efficiently meet NBI's demands.

It is worth noting as well that the Bank has strategic partnerships and agreements with Arab and international financing institutions to support foreign trade operations and facilitate the implementation and financing of the commercial exchange operations related to customers' activities. These include an agreement with the French Development Agency, the executive arm of the French government, whereby the Bank offers the necessary support to various economic sectors and activities and environmentally friendly investment projects. In addition, the Bank signed an agreement with the International Finance Corporation (IFC).

Information Systems Department

In line with the Bank's strategy to modernize its infrastructure, keep pace with the latest technologies and smart solutions in the banking sector, and meet customer needs and requirements, in 2014 the Bank continued to work on a number of projects launched in the second half of 2013 to modernize its infrastructure, including equipment and networks. The aim was to enhance the technological capabilities and work environment and meet all monitoring, risk management and information security requirements. This will ensure that the Bank achieves its vision of joining the ranks of the most advanced banks using the latest technologies. The launch and continuation of these projects are part of a well-thought plan to strengthen the Bank's performance and achieve its local and regional expansion goals. These systems and capabilities lay the foundation for the development and launch of new products and services such as ATM and banking services via the Internet and smart phones, among others.

Policies and Procedures Department

In 2014, the Policies and Procedures Department redesigned the procedures site to serve as an information center for the Bank's employees and subsidiaries to easily access business procedures and all information concerning the Bank and its subsidiaries and the services provided by them.

In 2015, the Policies and Procedures Department plans to develop all business procedures in accordance with the best practices in the banking sector. All business procedures and models are modified to enhance service delivery in an accurate and speedy manner in addition to strengthening procedures by enforcing regulatory controls to reduce errors and operational risks.

With regard to Capital Investments, business procedures have been prepared, incorporated into the procedures site, and granted the relevant privileges.

A system will be used to measure the efficiency of banking operations to develop and improve procedures, reduce risk and increase the competitive value of the Bank.

Credit Review Department

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

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

- Credit Monitoring Department:

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

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

- Compliance Department:

Capital Bank Group respects the instructions of regulatory bodies and follows international best practices and standards. In 2014, the compliance function implemented several instructions and held examinations, tests and training courses for the Group employees as follows:

In implementation of the Foreign Account Tax Compliance Act (FATCA), the internal committee of the Bank submitted a recommendation to the Board of Directors to register with the U.S. Internal Revenue Service (IRS) through their website to be on the first IRS Foreign Financial Institution List as the leader of the Group (the Bank and its subsidiaries). The Bank updated the account opening forms for individuals and companies as well as joint accounts to include a special section on FATCA in Arabic and English by adding the necessary fields in line with the requirements for new customers. In addition, the FATCA committee selected and purchased a global system to implement FATCA and update existing customer data by forming a working group to update the data. A plan has been set up for the classification of accounts based on the total of their balances into U.S. and non-U.S. accounts. Several intensive training courses were held for the employees of Capital Bank on FATCA and the mechanism of the application of FATCA policies and procedures and how to deal with customers who are subject to FATCA.

An internal committee has been set up to implement the Corporate Governance Code issued by the Central Bank of Jordan in order to determine and achieve the Bank's institutional objectives and manage its operations safely. It also aims to protect the interests of depositors and perform the Bank's responsibility towards shareholders and other stakeholders. A third party has been contracted to provide advice on the best practices in implementing the Central Bank of Jordan Governance Code.

The Compliance Department participated during the first half of the year in an international conference on compliance, anti-money laundering, anti-corruption and anti-bribery organized by Dow Jones in the United States.

In 2014, a contract was signed with an international U.S.-based company specializing in anti-money laundering and anti-terrorist financing as part of NBI and Capital Bank's efforts to implement instructions issued by the regulatory authorities in Iraq on foreign currency auctions.

Moreover, an action plan has been adopted to implement a digital archiving system in 2015 in coordination with the Bank's departments to keep pace with international developments and ensure accurate and efficient access to information.

The Customer Complaints Department established in line with the Bank's vision, strategy and objectives of focusing on providing quality services to all customers handles customers' complaints. The Department receives customers' complaints and suggestions via a toll-free number - provided to customers by SMS -, e-mail and a complaints and suggestions box placed at all branches. In addition to this, the Department prepares periodic reports on customer complaints received from various bodies (including official authorities), and provides the senior management with detailed and analytical reports in order to take the necessary corrective action to prevent similar future complaints. Moreover, the Department applies international standards in addressing customer complaints by quickly responding to any complaints received by the Bank with the aim of improving and providing the best services to its customers.

The compliance function has been enhanced to include monitoring of the work environment at Capital Bank Group through field visits to the subsidiaries' branches.

The Department contributed to strengthening the Bank's role in supporting social and environmental responsibility in cooperation with the IFC.

The Department continues to review the agreements signed between the Bank and external parties in order to ensure compliance with laws and regulations issued by regulatory bodies.

Human Resources Department

Year 2014 witnessed a growth and development of the Bank's human resource practices and procedures. The Department continued to efficiently and effectively perform its functions as a strategic partner to enable the Bank's departments to realize their goals in order to achieve the Bank's strategy. The Department sought to retain competent human resources and improve the benefits provided to employees.

Capital Bank believes in the importance of its human resources an essential pillar to execute the Bank's strategies. Accordingly, the Human Resources Department developed and implemented plans and specialized and diversified strategic training courses for all departments of the Bank. It also improved and strengthened the level of services provided to the Bank's employees.

In 2014, the Department continued to work in cooperation and coordination with NBI to support the achievement of strategies at the Group level.

Strategic Planning and Corporate Communications

The Marketing and Corporate Communications Department provides functional support to all the banking services of the Bank by developing marketing strategies and the management of promotional campaigns. The Department constantly seeks to develop its methodology of building a marketing strategy based on sound principles in order to market the products and services of the Bank to the targeted segments while using the best and most efficient means.

- The Department oversees the development of the corporate identity of the Bank and the design and management of marketing campaigns of the various products of the Bank.
- The Marketing and Corporate Communications Department is also responsible for internal and external communications as well as marketing activities, including:
 - Enhancing corporate performance by ensuring that employees are aware of the administrative and program issues as well as future directions.

- Strengthening communication channels with the community through the various marketing campaigns.
- Developing a distinct media identity for the Bank and managing media relations.
- Preparing and publishing press news and reports.
- Organizing interviews and press conferences with the stakeholders and decision makers.
- Responding to questions and queries of the press and media.

The Bank's Contribution to the Local Community

Capital Bank is committed to serving all segments of the local community. Therefore, it has carried on with the legacy, which was adopted over the past years, of enhancing the role of the Bank in advancing the local community and participating in its development by providing material and moral support to local community initiatives in the educational, humanitarian, social, and other fields. Within the framework of its engagement and interest in supporting public initiatives that aim to achieve sustainable development at the humanitarian and social levels, the Capital Bank launched several initiatives during 2014 to support community projects and programs targeting various sectors including:

- Educational Initiatives:

- The Bank covered the educational costs of students with special needs through the Young Muslim Women Association's Center for Special Education.
- Sponsored the tuition fees of university students in cooperation with Al-Aman Fund for the Future of the Orphans.

- Humanitarian Initiatives:

- Supporting the Goodwill Campaign launched at the beginning of the holy month of Ramadan.
- Focusing on non-profit and charity institutions and supporting entities that help orphans and the poor. The Bank sponsors two homes at the SOS Children Villages.
- Providing moral and material support to institutions and associations for children with special needs, including King Hussein Cancer Center.
- Sponsoring 25 orphans from the Kafel Al Yateem Association/Mafraq.
- Distributing food parcels and Eid gifts during the month of Ramadan to 100 orphaned children in Mafraq with the participation of the Bank's employees.
- Distributing Eid gifts and meals to SOS children during the month of Ramadan with the participation of the Bank's employees.
- Distributing food parcels and Eid gifts during the month of Ramadan in cooperation with Tkiyet Um Ali with the participation of the Bank's employees.

- Environmental Initiatives:

- The Bank contributed to the National Afforestation Initiative through the afforestation of non-forested lands in Eira in Salt and by planting suitable trees there. The effort is part of the Agrarian Reform Program implemented by the Ministry of Agriculture.

Capital Investments

Capital Investments managed to maintain its leading position among the local and regional investment companies in 2014 by providing the best services in all areas of investment banking. Despite the difficulties faced by the region in 2014, which surely affected the performance of investment companies, Capital Investments managed to achieve positive results at various levels as it was able to increase its market share in all its fields of activity: financial brokerage, corporate finance and asset management.

First: Local, Regional and International Brokerage Departments

The Company's Local Brokerage Department has continued its progress, maintaining the Company's position as one of the top three brokerage companies in Amman Stock Exchange. The Company, through this Department,

has managed to preserve its market share despite the decrease in the total volume of trading in the local market by 26 % compared to the previous year. To provide the best and latest services to its customers, the Company will offer online trading services during 2015. This will enhance the Company's competitiveness in the local market.

The Regional Brokerage Department still enjoys a leading position in terms of trading volumes among brokerage firms that are active in the regional market. The Department depends on its team, which specializes in dealing in these markets, for maintaining its leading position. The team maintains an intensive follow up on company news, as well as financial and technical analysis of market movements in general and listed companies in particular. The Regional Brokerage Department provided in 2012 margin financing services in the regional markets and opened trading positions in the Iraqi market.

The International Financial Brokerage service is one of the leading services provided by Capital Investments and targets companies and investors wishing to diversify their investments by directly investing in the international financial markets. The International Brokerage Department offers a wide range of modern investment services including selling and purchasing international stocks, and derivatives such as stock options and exchange-traded funds (ETF). The International Brokerage Department continued to expand its activities, enabling the Company's customers to diversify their investments and directly access more than 19 financial markets around the world from North America to Europe, Asia, and the Pacific. Additionally, currency trading services have been launched through an electronic platform for direct trading through the Internet.

In 2015, the Department aims to expand its activities. It will introduce an online stock trading service for the first time in Jordan to provide the best services to the Company's customers.

Second: Asset Management

The team of the Asset Management Department intends to launch a long-term partnership with individual investors and companies by establishing and managing portfolios and investment funds that can be designed specifically to comply with their own goals and investment limitations. A new investment policy, which seeks to achieve the optimal distribution of assets, will be designed through a scientific method that combines basic and technical analysis methodologies.

Activities of the Asset Management Department include four main sections:

- **Portfolio Management:** This takes into account the goals and investment limitations as determined by individual and corporate customers. It also ensures the optimal distribution of their portfolios in order to be consistent with estimated returns and the accepted levels of risk.
- **Investment Funds:** Managing strategy-specific funds in the various Middle Eastern and North African markets in addition to managing the existing Horizon Fund.
- **Structured Investment Products:** Designing and managing various types of investment products such as capital guaranteed portfolios.
- **Investment Advisory Services:** Providing financial consulting services to customers to help them determine their goals and familiarize them with the necessary means to meet their needs as well as restructure their current investment portfolios.

Among the goals that the Department seeks to achieve in 2015 is the launch of new investment funds, which invest their funds in stock markets, fixed income instruments and Sharia-compliant instruments issued in the markets of the Middle East and North Africa region. In addition, it seeks to launch new structured investment vehicles to widen its product base.

Third: Corporate Finance

The Corporate Finance Department offers a wide range of advisory and investment services. It depends on the wide knowledge and technical expertise of its team. The Department achieved a record of distinguished performance in terms of successful transactions in addition to dealing with a diverse customer base that includes public and private corporations, and financial and government institutions.

The Department strives to form long term relationships with its customers, and is committed to realizing the financial requirements and strategic goals of each and every customer. The aim is to achieve best results that ensure the sustainable growth of its work and the satisfaction of customers with all that it offers. The activities of the Department include:

- Equity instruments in the capital market, which include public and private offerings and initial public offering.
- Debt instruments in the capital market, which include the issuance of corporate bonds and commercial paper programs, Sukuk and management of syndicated banking loans.
- Financial advisory services, which includes processes related to merger, acquisition, restructuring, evaluation and privatization in addition to consultations regarding capital structure balancing between debt and equity.

Forth: Studies and Research

The Company seeks to provide a comprehensive set of investment services. The Research and Studies Department, which is concerned with conducting financial and sector analysis of corporations and the economy at large, provides research support for the different brokerage divisions. It prepares different studies and reports combined with investment recommendations to customers. The research conducted by the Department has contributed toward enhancing its credibility, leading to higher demand on its services from international, regional and local investment funds.

National Bank of Iraq

The National Bank of Iraq (NBI) was established in 1995 as a public shareholding company that is owned by the private sector. It provides a comprehensive range of banking services to retail and commercial customers in Iraq.

The strong relationship between Capital Bank and NBI and the distinguished services they both provide as a result of their effective cooperation are behind the progress of NBI and the expansion of its business in Iraq. This in turn contributed to expanding its customer base in both Jordan and Iraq.

NBI conducts its business through an advanced core banking system that supports its growth and customer services. In addition, NBI and all its subsidiary companies prepare all their financial reports in line with international accounting standards and its operations are reviewed by international auditors. The Bank provides its services using modern banking systems.

The National Bank of Iraq provides a wide range of banking services, which include:

- All types of customer accounts including current, savings and deposits in both Iraqi Dinar and US Dollar.
- Opening accounts in Jordan and managing them at Capital Bank without the need for a physical presence in Iraq.
- Corporate finance services.
- Providing personal and car loans.
- Providing wire transfer services to all countries and in all currencies in addition to auction related transfers.
- Domestic and international bank guarantees.
- Incoming and outgoing letters of credit.
- Transfer customers' balances in foreign banks to their accounts at NBI through Capital Bank.
- Purchase and sale of stocks in the international markets on behalf of its customers in cooperation with Capital Investments, the investment arm of Capital Bank.

NBI provides its services through nine branches covering the majority of Iraqi Governorates with three branches in Baghdad in addition to a branch in each of Basra, Umm Qasr, Erbil, Karbala, Mosul, and Sulaymaniyah.

Analytical Overview of Domestic and Global Economic Performance

This is a new section that will be featured in our annual report in the coming years. It tackles the main local, regional and international economic developments and provides an analytical overview of key projections based on scientific data and indicators. This section reviews and analyzes the performance of local, regional and international financial markets as well as the indicators of global oil prices, assessing their economic impact on inflation and unemployment. It also discusses public debt and public finance developments as well as developments in the Jordanian banking sector and trends in the stock and bond markets, evaluating their impact on economic growth.

This section also provides a detailed picture of the Iraqi economy given its importance, as Iraq is a commercial partner that offers depth to the national economy.

Capital Bank serves as an ideal gateway for business in the region, especially the Iraqi market through a network of branches and offices across the regional markets.

We hope that you will find this section beneficial and of great value.

Chairman
Bassem Khalil Al-Salem

Highlight of 2014: Oil Price Collapse



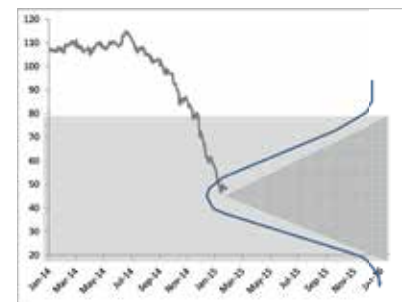
Over the past five years, the local economy has faced many economic challenges, most importantly the stifling energy crisis caused by the frequent disruptions in Egyptian gas supply. This has affected most economic indicators, starting from slowing economic growth to public finances (deficit and debt) and finally the balance of payments and Central Bank foreign reserves.

2014 was full of economic developments, mainly the drop in global oil prices by more than 60% as a result of the slowing global economy (Europe and China in particular) and the advances in shale oil extraction technologies. These advances, if they continue, will have varying implications for countries, depending on whether they are oil exporting or importing countries.



Our 2015 Oil Price Forecast

Our economic projections are based on many assumptions, mainly the average oil price per barrel in 2015. According to Capital Bank estimates, the price of oil will range between USD40-80 per barrel (confidence level of 90%).



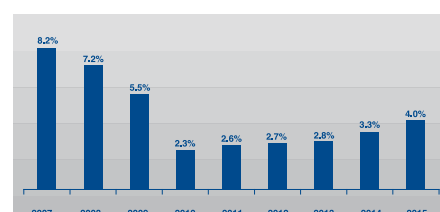
Economic Growth: Slow Improvement



Jordan's economy grew by 3.1% at constant market prices during the third quarter of 2014 compared with the same period of last year.

Most sectors recorded positive growth during the third quarter of 2014 compared with the results achieved during the same quarter of 2013. Mining industries recorded the highest growth rate which reached 43.7%, followed by the construction sector, which expanded by 12.5% as a result of the growth in total area of licensed buildings by 5.2% to reach 11,300 square meters at the end of September.

Real Economic Growth Rates



The IMF projection for economic growth in 2015 is 4%.

Capital Bank agrees with the IMF on the upward trend of economic growth but disagrees with it on the growth rate. Capital Bank expects an economic growth of 3.4%-3.7% in 2015 due to the uncertainty in the local and regional economic landscape in addition to the contractionary fiscal policy adopted by the government to maintain public spending at the same level without any growth and raise revenue through a new income tax law that tightens the noose on the various economic sectors.

The agricultural sector came in third place with a tangible growth rate of 7% as a result of the remarkable rise in the export activity of agricultural products. The Kingdom's exports of fruits and vegetables increased during the first nine months of 2014 by about 20% compared with the same period of the previous year.

Corporate Profits Soar



At the micro level, the profits of companies listed in Amman Stock Exchange rose significantly during the first three quarters of the year. The profits of the largest 30 companies in the market rose, in terms of market value, by 24% to reach a combined JD340 million compared to JD270 million during the same period of 2013.

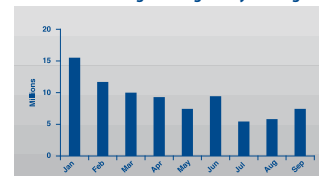
The market index also grew but modestly to stand at 2115 points at the end of September 2014 as compared to 2066 points at the beginning of the same year, an increase of 2.38%.

This rise was accompanied by a sharp decline in trading volumes. The average daily trading volume in September was about JD7.4 million compared to JD15.5 million in January.

Amman Stock Exchange Index



Amman Stock Exchange Average Daily Trading Volume



Inflation Rates Continue to Decline

The consumer price index (CPI) rose by 2.8% in 2014 compared to 5.6% in 2013. The rise in inflation is attributed mainly to higher rentals and consumer goods as a result of the political crises in the region, especially the Syrian crisis. Rentals went up by 6.9%, tobacco and cigarettes by 13.9% and clothes and footwear by 9.9%.

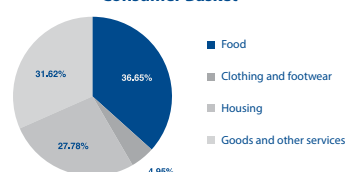
Recently, there have been rising demands for the revision of the weights of the components of the typical consumer basket used to calculate the inflation rate in order to reflect the consumption pattern of the middle-class which is most affected by inflation rates. Education continues to account for 7% and rentals 14% which are low weights given their relative importance for the middle class.

The IMF expects inflation rate to continue to decline to reach 2.4% in 2015, which is largely in line with Capital Bank's projections.

Inflation Rate



Consumer Basket



Unemployment: Structural Imbalances

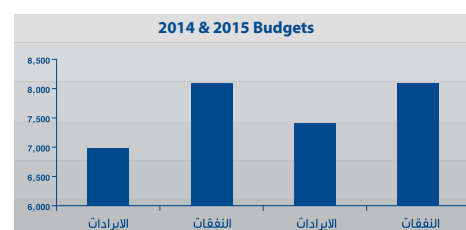
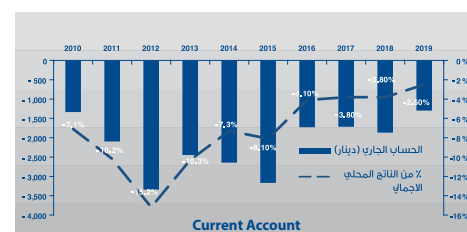
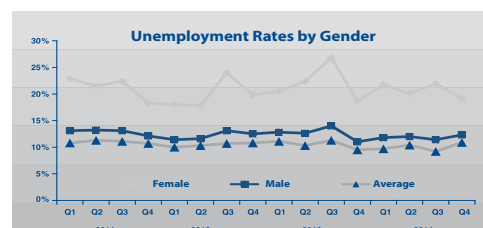
The unemployment rate remained at a standstill at 12%.

The majority of employment and unemployment indicators remained unchanged. Crude labor force participation rate remained at about 25% while the female participation rate in the labor market remained at 12.5%, much lower than the male participation rate (59.6%). This is obvious in the overall unemployment rate which deviates towards the male unemployment rate.

The unemployment rate for recent high school graduates remained the highest at 54%.

The highest unemployment rate was reported in Ma'an Governorate at 21%.

In short, the structural distortions that have brought the unemployment rate to this level still exist. Some of them are linked to legislation, workers' rights and working conditions while others are linked to the reluctance of youth to work in vocational occupations and society's negative perception of vocational jobs.



External Accounts: Reassuring Indicators

The IMF lowered its forecasts for the current account deficit for 2014 from 10% to 7.3% of GDP thanks to foreign aid, which exceeded expectations.

The trade balance deficit was forecast to reach 8% of GDP in 2015. However, in light of the significant decline in oil prices, our analysts have a different view, expecting the deficit to fall to 7% of GDP in 2015. This necessarily means lower pressure on Central Bank of Jordan's foreign reserves, which have reached comfortable levels covering the Kingdom's imports for more than seven months.

In addition to the above, the low dollar interest rates allowed the Central Bank of Jordan to continue its expansionary policies to stimulate the slowing economic activity. It reduced the overnight window rate by 100 basis points, in addition to reducing the interest rate on the rest of the monetary policy instruments by 25 basis points.

Public Finance: Contractionary Budget

Item (JD million)	2014 Budget	2015 Budget	% Change
Tax revenue	4,100	4,370	6.6%
Non-tax revenue	1,750	1,910	9.1%
Foreign aid	1,151	1,128	-2.0%
Total revenue	6,982	7,408	6.1%
Current expenditure	6,828	6,921	1.4%
Capital expenditure	1,269	1,174	-7.5%
Total expenditure	8,096	8,096	0.0%
Budget deficit	1,114	688	-38.2%
% Of GDP	4.3%	2.5%	
Deficit of independent public agencies	1,500	998	-40.0%
% Of GDP	5.8%	2.2%	
Total deficit	2,614	1,686	

The 2015 budget submitted by the government in November 2014 created a lot of controversy as it was based on the assumption of USD100 per barrel of oil. The government was then compelled to submit a new draft budget based on more realistic assumptions. However, due to insufficient information about the new draft law, this section will discuss the first draft law to shed light on its shortcomings and the points necessitating reconsideration.

We will start with the revenue side of the state budget, which still constitutes a major part of government revenue amounting up to 15% of total public revenues and 37% of non-tax revenue.

The problem in foreign aid is that it depends to a large extent on the Kingdom's political relations with neighboring countries, making it highly volatile. However, we believe that the pivotal political role played by Jordan in the region and its participation in the international alliance against terrorism will make aid flows more stable.

In the revenue side as well, we believe that the government has exaggerated the estimates of non-tax revenue. The rise witnessed in this item in 2014 was incidental (non-recurring). As such, a growth of about 9% in this item in 2015 is an exaggeration.

The expenditure side remained stable at JD8.1 billion, despite the increase in current expenditure by about 1.4%. This is attributed to the decline in capital expenditure by 7.5%. The problem in the above is not the government's ability to keep expenditure stable as the government has shown over the past year a great ability to control expenditures. Rather, the problem lies in the impact on economic growth as we mentioned at the beginning of this report when we raised question marks about the IMF forecasts of economic growth rates.

If oil prices remain at current levels, this will save the state budget USD100 million, which is the difference between the JD180 million that had been allocated as cash payments in compensation for lifting fuel subsidies and the tax revenue that the government would lose as a result of the falling oil prices (sales tax and special taxes on the final price of petroleum products) which we estimate at about JD100 million.

Official figures indicate a decline in the general budget deficit from JD1.14 billion in 2014 to JD688 million in 2015. This is consistent with our projections as we believe that the savings realized from lower oil prices will completely eliminate the impact of the government's overestimation of non-tax revenue. The discrepancies between budget figures and Capital Bank estimates are clear in the budget of independent public agencies that was based on the assumption of USD100 per barrel of oil showing a deficit of JD998 million, compared to our forecasts of USD600 million based on more realistic oil prices.

Public Debt: Oil Prices Keep Debt Under the 90% of GDP Barrier

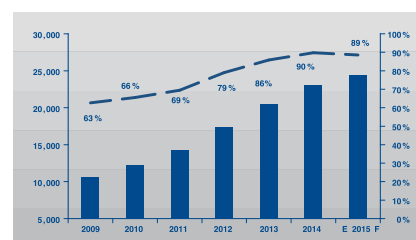
Item (JD million)	2015 Budget	Capital Bank Estimates
Budget deficit	688	688
Deficit of independent public agencies	600	998
Financing gap	1,288	1,686

	Financing Budget
Sources	Amount
Foreign loans to finance capital projects	18,364
Loans from international institutions to support the budget	394,907
Other loans	1,240,750
Domestic loans	4,514,019

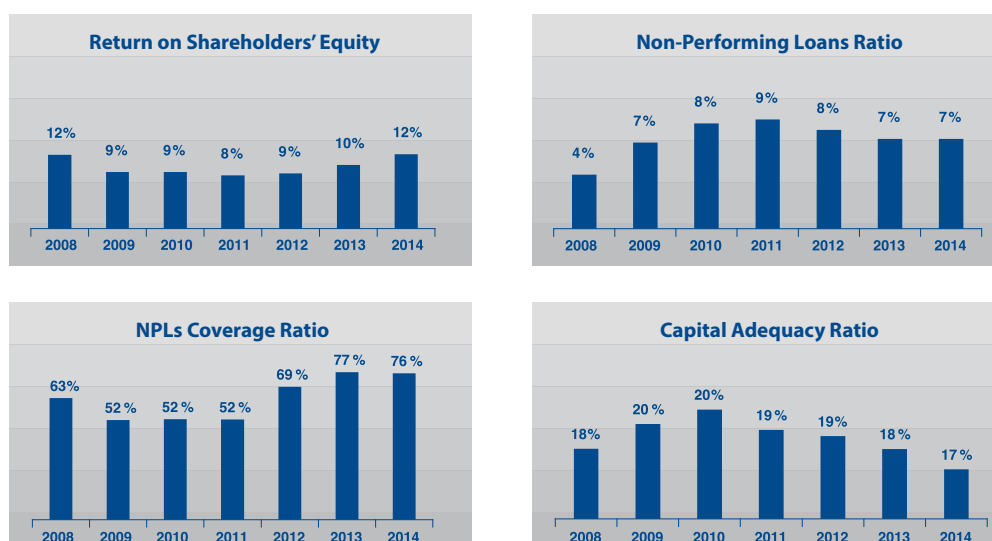
	Independent Agencies
Total savings before financing	125,735,000
Foreign loans to finance capital projects	105,304,000
Reserves	276,912,060
Domestic loans	1,656,054,000

Our forecasts see the public debt-to-GDP ratio declining to reach 89% as opposed to the IMF forecasts of 90%. This is due to the considerable decline in energy prices.

A look at the financing budget indicates that the government is counting on internal sources of financing, especially local banks. Local banks are well capitalized and enjoy excess liquidity exceeding JD3 billion. This means that the government's demand on domestic liquidity will not create a local liquidity crisis with a negative impact on the private sector.



The banking Sector: Adequately Capitalized and Resilient to Shocks



Financial soundness indicators for the banking sector continued to improve to reach the highest level since the global financial crisis.

Central Bank of Jordan figures show a decline in Non-Performing Loans (NPLs) ratio to reach 7% in the first half of 2014 compared to 8% and 9% in 2010 and 2011 respectively.

The NPLs coverage ratio stood at 77% in 2013 and 76% in the first half of 2014, the highest since 2007.

Regarding the profitability of banks, the return on shareholders' equity has also reached its highest level since 2009. It amounted to 12% in the first half of 2014 compared to 9% in 2009.

Despite the decline of the capital adequacy ratio to 17% in the first half of 2014 compared to 20% in 2009 and 2010, it is more than double the ratio approved by Basel II (8%) and also higher than the ratio set by the CBJ (12%).

The last indicator is the excess liquidity in the banking sector, which is estimated at JD3 billion. This is sufficient to finance the needs of both the public and private sectors even if the government had to finance all its needs from internal sources.

These and other indicators confirm the soundness of the Jordanian banking sector and its resilience to internal and external shocks.

Islamic Sukuk: A New Source of Financing

The government is expected during the current year to issue sovereign Islamic bonds to benefit from the excess liquidity at Islamic banks estimated at JD1 billion.

The benefits of Islamic sukuk can be summed up as follows:

- 1) Lower interest rates; the reason is that the opportunity cost of excess liquidity at Islamic banks is very low and sukuk will increase the volume of cash in the government bond market.
- 2) Sukuk will encourage companies to expand their investments, especially those companies that have been reluctant to use conventional debt instruments.
- 3) This will move liquidity from Islamic banks to be placed in the economic cycle subject to the fiscal multiplier, which will help boost the economy.
- 4) Sukuk represent new investment opportunities for Islamic banks to invest their untapped funds and achieve financial returns.

Capital Bank has had a unique experience with Islamic sukuk. Capital Investments, the investment arm of the Bank, issued a USD120 million Sukuk al-Ijarah to Al Rajhi Cement Company in 2011. This has given us experience in dealing with this new type of financial instruments and a good reputation after succeeding in the full repayment of the issue.



Capital Bank: A Local and Regional Role

Capital Bank is the ideal gateway for doing business in the region through a network of branches and offices across the regional markets, particularly emerging ones.

The Bank has had a presence in the Iraqi market since 2005 through a majority stake in the National Bank of Iraq which was able during last decade to accumulate experience in various fields and emerge as a strong player in the Iraqi market.

The Bank also has a presence in the Dubai International Financial Center through a Corporate Finance Advisory Office.

The diverse expertise and geographical spread of the companies and the arms of the Group have led to a positive interaction bringing out the best of them.

Why Iraq?

Iraq's economy has all the elements of growth, namely its natural resources, demographic factors, and finally its need for reconstruction.

Iraq has the world's 4th largest oil reserves and 11th largest natural gas reserves.

It also enjoys a number of attractive demographic factors with a population of 35 million people, most of them under the age of 20 years.

Most of all, Iraq has an urgent need for reconstruction after three bloody wars that have drained its strength and destroyed its infrastructure.

Based on the above, a strong banking sector is critical to support all economic sectors and provide them with financing and credit facilities.

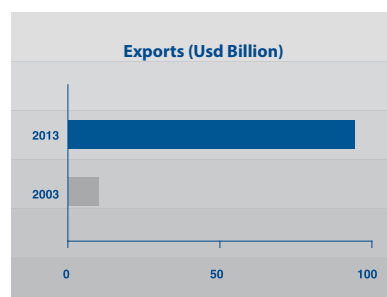
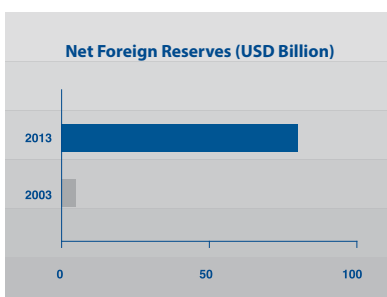
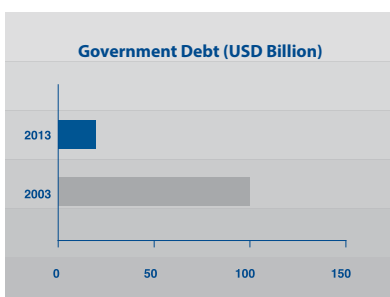
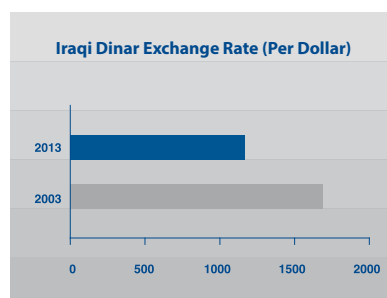
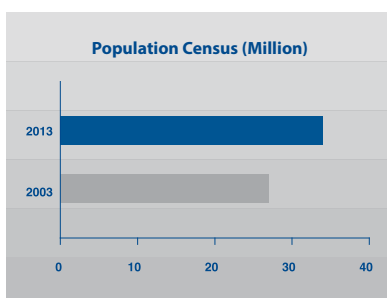
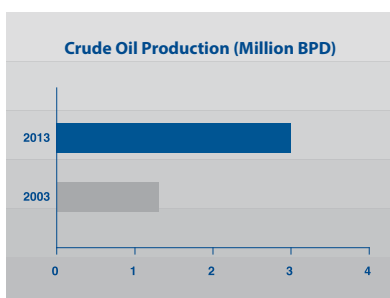
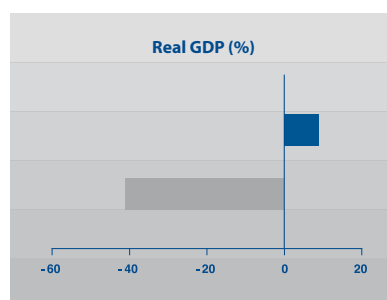
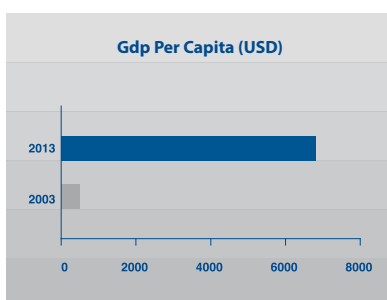
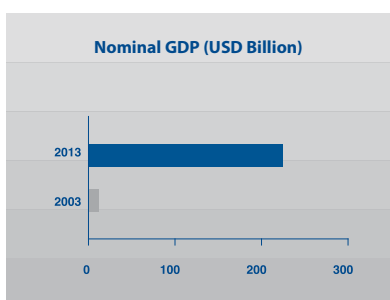
These factors have driven us to engage in the Iraqi market to benefit from and build upon the growth prospects that it presents and to facilitate the movement of trade between the two countries to enable Jordanians and Iraqis residing in Jordan to also benefit from this promising market that holds opportunities in various economic sectors.

In cooperation with Capital Bank and benefiting from its long experience in the Jordanian market, NBI has been able to promote trade relations between Jordan and Iraq by facilitating the transfer of funds between the two countries.

Also benefiting from the strength and good reputation of Capital Bank, NBI has opened up to regional and global markets. The total LCs issued by NBI increased from USD10 million in 2009 to about USD1 billion in 2014.



Iraq in a Decade



Iraq in 2014

Iraq witnessed two positive developments, namely finalizing an agreement which put an end to the conflict between the central government of Iraq and the Kurdistan region on the distribution of oil revenues and approving the draft 2015 budget.

Under the new agreement with Kurdistan, which came into force earlier this year, the Kurdistan region will export 250,000 barrels of oil per day and Kirkuk province will sell 300,000 barrels per day.

Iraq's oil exports rose during 2014 to an average of 2.9 million barrels per day, the highest level since the 1980s.

However, because of the drop in oil prices, oil revenues fell significantly from their levels at the beginning of 2014, bringing the budget deficit up to 7% of GDP, according to the latest projections, which also indicate the possibility of the deficit reaching 20% of GDP if oil prices remain at their low levels.

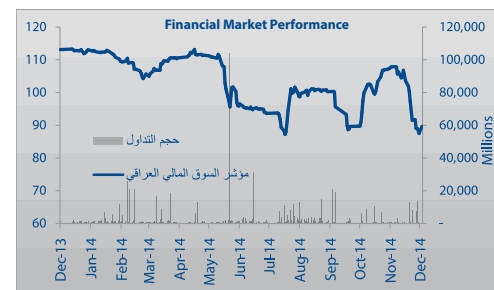
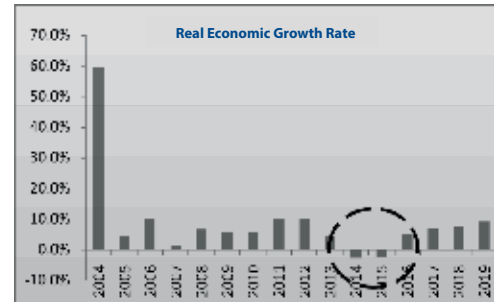
These developments came within the framework of extremely complex political and security conditions hampering the movement of goods to and from Iraq. This is evident in the decline of Jordan's exports to Iraq by 6.2% in 2014. This state of uncertainty prevented the completion of many infrastructure projects and delayed some of them. This has negatively affected economic growth, which, according to specialists, shrank during 2014 by about 2.5%. We at Capital Bank expect the Iraqi economy to continue to shrink in 2015 before returning to growth in 2016.

In light of the foregoing, the profits of companies listed in the Iraqi market saw a significant decline. This decline affected most of the sectors, including the banking sector, whose profits fell by more than 20%. As a result, the financial market general index fell during the year by about 23.5 points, or 20.8%.

Another equally important development is the Iraqi Council of Representatives' approval of the 2015 budget worth 119 trillion Iraqi dinars (USD105 billion) made possible by improved ties between Baghdad and the Kurdistan region.

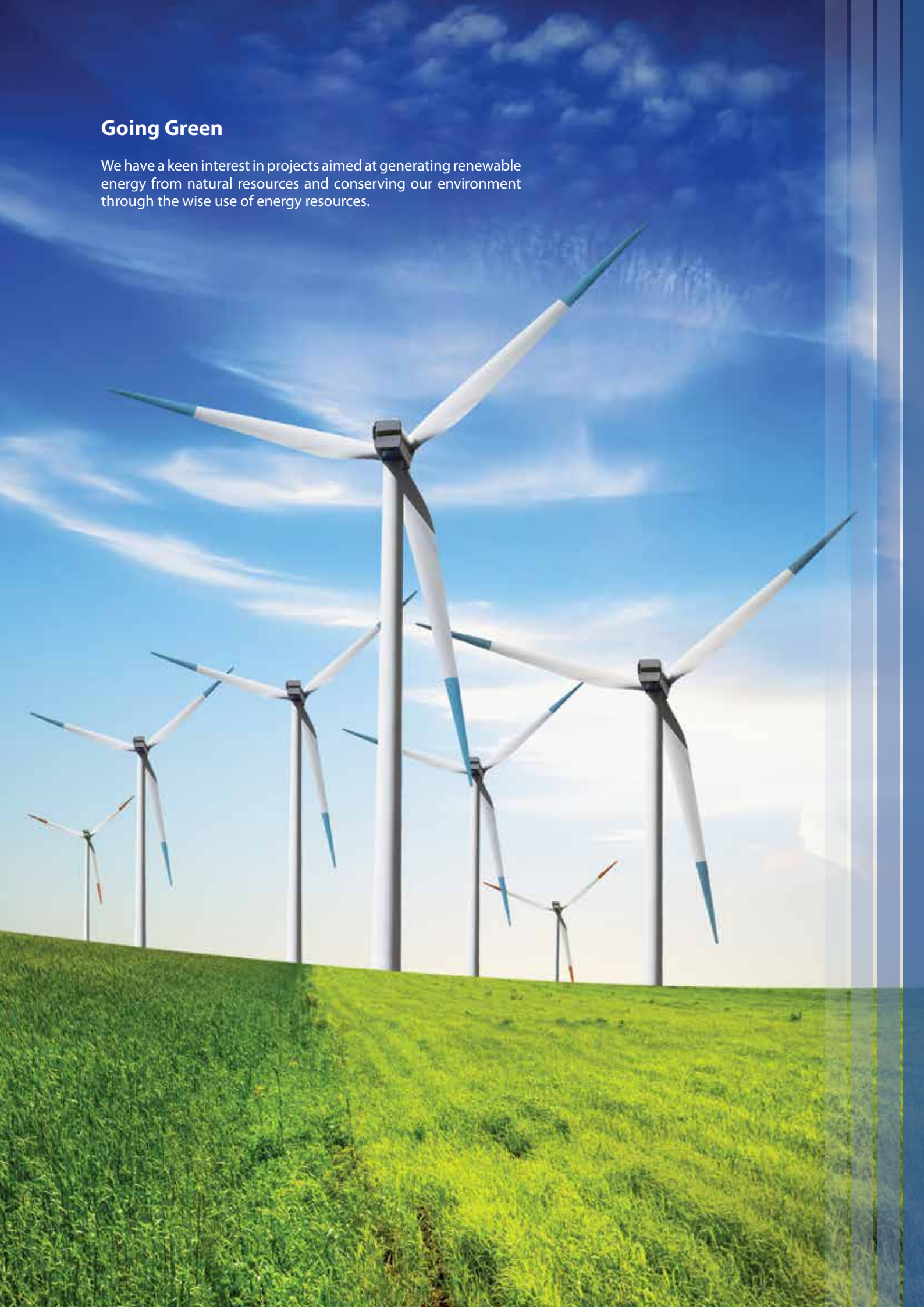
The budget, revised to trim the expected price of oil to USD56 a barrel, down from the USD70 originally assumed, foresees a 25 trillion dinar deficit (USD22 billion).

The government is expected to finance the deficit through Treasury bills, government bonds and borrowing from local banks. This will provide new investment opportunities for the banking sector, which has a tremendous amount of excess liquidity.



Going Green

We have a keen interest in projects aimed at generating renewable energy from natural resources and conserving our environment through the wise use of energy resources.



Corporate Governance Code

* The Bank is currently introducing amendments to the Corporate Governance Code in line with the banking corporate governance instructions No. 58/2014 issued by the Central Bank of Jordan. It will be completed by the second quarter of 2015.

Chapter 1: Introduction

Effective corporate governance practices at banking organizations are essential to maintaining confidence in the banking system, which is an integral component of the economy. Having a corporate governance code in place is extremely useful in the effective implementation of best corporate governance practices as it provides substantial guidance to the Board of Directors and executive management in building the confidence of existing and potential investors. It also facilitates effective control and keeps the executive management accountable to the Board of Directors on the one hand, and the Board of Directors accountable to shareholders and other stakeholders on the other.

1. What is Corporate Governance?

Corporate governance involves a set of relationships between a company's management, its board, its shareholders, and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.

Internal corporate governance factors relate to the effectiveness of the interaction among a bank's management, board, shareholders and other stakeholders.

External governance factors include laws and regulations that enforce the rights of shareholders and other stakeholders such as depositors. A good external environment also includes appropriate oversight by government or other regulatory bodies like the Government, the Central Bank of Jordan (CBJ) and Amman Stock Exchange (ASE).

2. Legal Framework of Corporate Governance in Jordan

The rules and principles of corporate governance are based on the following laws:

1. Banking Law No. 28 of 2000 and its amendments
2. Companies Law No. 22 of 1997 and its amendments
3. Securities Law No. 76 of 2002 and its amendments
4. Central Bank of Jordan Law No. 23 of 1971 and its amendments
5. Regulations and Instructions issued pursuant to the above-mentioned laws

Chapter 2: Capital Bank's Policy for Enhancing Corporate Governance

1. Corporate Governance Code as a Reference

Recognizing the importance of enhancing corporate governance principles, the Bank has decided to adopt a corporate governance policy in consistence with the international guidance issued by Basel Committee on Banking Supervision in October 2010 under the title "Principles for Enhancing Corporate Governance" and the Bank Directors' Handbook of Corporate Governance issued by the Central Bank of Jordan in 2007.

2. The Four Principles of Corporate Governance

Fairness: Fair and professional treatment of all shareholders, including non-Jordanians, minority shareholders and other stakeholders (shareholders, depositors, creditors, the bank's employees and regulators).

Transparency: Provision of accurate information and disclosures on all issues and significant matters related to the Bank, including the financial situation and overall performance of the Bank to stakeholders (shareholders, depositors, creditors, the bank's employees and regulators.)

Accountability: The Bank's executive management is accountable to the Board and the Board is accountable to shareholders and stakeholders (shareholders, depositors, creditors, the bank's employees and regulators.)

Responsibility: A clear policy must exist which defines the functions, powers and responsibilities of the executive management and the Board.

Chapter 3: Pillars of the Code

First: Commitment to Corporate Governance

The Board believes in the importance of corporate governance in developing and improving the Bank's performance and results and in enhancing confidence in its activities. The Board adopts best practices, norms and standards in the implementation and activation of corporate governance principles:

- 1) The Bank has formed a corporate governance committee of the Board. The Committee's duties are defined in the Code.
- 2) The Corporate Governance Committee has prepared this Code, which was then approved by the Board of Directors. The Code is included in the Bank's Annual Report. An up-to-date version of the Code is available to the public on the Bank's website.
- 3) The Bank on an annual basis publicly reports its compliance with the Code, where necessary detailing how each provision of the Code has been implemented and, where relevant, why the Bank has adopted procedures that are different from those recommended by the Code.
- 4) In line with the Bank's continued development, this Code will be kept under review and will be developed and amended as required from time to time to meet the changing needs and expectations of the Bank and the marketplace.

Second: The Board of Directors

1. Functions of the Board of Directors

A. General Principles

- 1) The Board of Directors has overall responsibility for the operations and the financial soundness of the Bank, and ensures that the requirements of the Central Bank of Jordan and the interests of shareholders, depositors, creditors, employees and other stakeholders are met. The Board ensures that the Bank is managed prudently and within the framework of applicable laws and regulations, and the Bank's own policies.
- 2) The Bank affirms that the obligations of each Director are owed to the Bank and all shareholders, and not to any particular shareholder.
- 3) The Board defines the Bank's strategic goals and exercises control over the executive management of the Bank. The Board ensures and certifies that internal control systems are effective and that the Bank complies with strategy policies and procedures approved by the Board or as required by law or regulation. The Board reviews and approves the risk strategy and the acceptable risk limits and ensures that all dimensions of the Bank's risk are managed properly.
- 4) The Board ensures that the Bank maintains a high degree of integrity in its operations through:
 - A. The development of clear and specific policies, rules and procedures to organize work in accordance with the applicable laws.
 - B. The development of a code of conduct that includes clear definitions of the concepts of "conflict of interest" and "abuse of office" and specifies the best ways to deal with a potential conflict of interest and the need to disclose it by Directors and/or any employee of the Bank.
 - C. The development of clear rules and procedures for related party transactions between the Bank and its employees or Directors or their companies or other related parties.
 - D. The circulation of these policies and the code of conduct to all the Bank's employees and Directors who should assent to the same.

B. The responsibilities of the Board of Directors are defined in accordance with the powers vested in it pursuant to the Bank's Articles of Association and the Banking Law, Companies Law and pertinent instructions. They include:

- 1) Defining objectives and drawing plans to be carried out by the executive management of the Bank.
- 2) Selecting an executive management which is capable of managing the activities of the Bank efficiently and effectively.
- 3) Approving the different policies of the Bank including the various risk, credit and investment policies among others. The Central Bank shall be provided with a copy of such policies and any amendments thereto.
- 4) Overseeing the implementation of the Bank's policies and verifying the soundness of the measures taken to achieve such policies.
- 5) Ensuring that no Director would gain any personal benefit at the expense of the Bank's interest.
- 6) Adopting measures to ensure the accuracy of the information provided to the Central Bank.
- 7) Adopting sufficient measures to ensure compliance with the provisions of the Banking Law and any other legislation related to the operations and activities of the Bank.
- 8) Issuing internal regulations and instructions to specify the functions and authorities of its various organs.

2. The Chairman and the General Manager

- 1) The position of Chairman of the Board is separated from that of General Manager. In addition, there is no family relationship up to the third degree between the Chairman and the General Manager. The division of responsibilities between the Chairman and the General Manager is set down in writing, is subject to review and revision from time to time as necessary, and is approved by the Board.
- 2) The Chairman shall be a Non-executive Director in order to promote an independent element within the Board from the executive management.

3. The Role of the Chairman of the Board (the Chairman)

- 1) The Chairman promotes the relationship between the Board and the executive management.
- 2) The Chairman promotes a culture in the boardroom that encourages constructive criticism and alternative views on certain issues under consideration, and encourages voting on these issues.
- 3) The Chairman ensures that Directors receive adequate and timely information.
- 4) The Chairman ensures that the Bank's shareholders receive adequate and timely information.
- 5) The Chairman ensures high standards of corporate governance by the Bank.

4. The Board Composition and Composition Criteria

- 4.1 The Board of Directors consists of 11 members.
- 4.2 The composition of the Board shall reflect the following:
 - 4.2.1 Diversity of practical and professional experience among Directors in addition to the need for specialized skills and financial knowledge as well as experience and knowledge in global markets.
 - 4.2.2 The Board may comprise a mix of executive Directors and non-executive Directors.
 - 4.2.3 Of the non-executive Directors of the Board, at least three shall be independent. An independent Director (whether natural person or representing legal entity) is one whose directorship and/or the ordinary course of business of the Bank constitute his only connection to the Bank. Minimum standards for an independent Director include:
 - a. One who has not been employed by the Bank for the preceding three years;
 - b. Is not a relative (up to the second degree) of an administrator of the bank;
 - c. Is not receiving payment or compensation from the Bank (other than as a Director);
 - d. Is not a director or owner of a company with which the Bank does business (other than business relationships made in the ordinary course of business of the Bank and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated parties);
 - e. Is not, nor in the past three years has been, affiliated with or employed by a present or former auditor of the Bank;
 - f. Is neither a shareholder with effective interest in the capital of the Bank nor affiliated with one.

5. Board Practices

- 1) The Bank's Board meetings take place at least six times a year. In order to ensure that a full range of topics is considered, it is the practice of the Bank's executive management to schedule a specific topic to be highlighted at each meeting.
- 2) The Bank's policy is that the Board should include independent element in order that it can exercise objective judgment. In addition, the independent element enables the Board to maintain a level of checks and balances to balance the influence of all parties, including executive management and significant shareholders, and ensures that decisions are taken in the Bank's best interest.
- 3) The executive management, through the Board Secretary, provides adequate information to Directors sufficiently in advance of meetings.
- 4) The Board Secretary provides each Director of the Bank with a formal appointment letter upon his election, in which he is advised about his rights, responsibilities and duties in line with the relevant laws.
- 5) The Bank's policies clearly define categories of transactions that require Board approval (including transactions with related parties or any other transactions which fall within the Board's authority).
- 6) The Board and its Committees have direct access to executive management. Directors are provided with appropriate briefings regarding the Bank, and upon the Director's request.
- 7) The Board and its Committees have access to external resources to enable them to adequately fulfill their mandate.
- 8) It is a key responsibility of Directors to ensure they be kept informed of developments within the Bank, and in the banking industry as a whole, both local and international.
- 9) The Bank has drawn up an organization chart, showing lines of reporting and authority, and including board and executive management committees. The portion of the chart showing the more senior levels is made public.

6. Board Activities

6.1 Appointments and Succession

- a) The Board appoints a General Manager with competence, and determines his powers and responsibilities.
- b) The Board is required to approve the appointment of deputy and assistant general managers, and to ensure that they have the requisite skills.
- c) The Board approves executive management succession plans for senior executives of the Bank, which set out the required qualifications and requirements of the positions.

6.2 Self-Assessment and the General Manager's Performance Appraisal

- a) The Board, through the Nominations and Remuneration Committee, at least annually assesses its own performance as a Board. Performance criteria are objective and include safety and soundness criteria and regulatory compliance.
- b) There is an annual evaluation of the General Manager by the Board through the Nominations and Remuneration Committee.

6.3 Planning and Controls

- a) The Board establishes the Bank's objectives and directs the executive management to draw up a strategy for achieving them. The Board approves the strategy, and the business plans prepared by the executive management. The Board ensures that performance against plan is reviewed and that corrective action is taken as needed. The Bank's budgeting process is part of the short-term planning and performance measurement.
- b) The Board ensures that the Bank has written policies covering all bank activities and that these policies are circulated among all administrative departments. Such policies are regularly reviewed to ensure that they conform to any changes in laws and regulations, the economic environment and other circumstances affecting the Bank.
- c) The Bank establishes clear controls preventing Directors or employees from benefiting from the use of insider information.

Third: Board Committees

The Board is ultimately responsible for the conduct of the Bank's affairs, but for greater efficiency Board Committees have been set up.

A. The Executive Committee

Charter of the Executive Committee:

A.1 Composition of the Committee

1. The Executive Committee is formed pursuant to a decision of the Board from among the directors. It shall comprise non-executive Directors.
2. The Committee is headed by the Chairman of the Board and comprises five members including the Chairman. The Board appoints a deputy chairman of the Committee.
3. The Board Secretary is appointed Rapporteur of the Committee.

A.2 Duties of the Executive Committee

1. Recommending to the Board the appointment of the General Manager.
2. Recommending to the Board the appointment of deputy and assistant general managers who shall be nominated by the General Manager.
3. Recommending to the Board draft regulations and instructions regarding the Bank's activities.
4. Granting credit facilities or recommending granting the same in accordance with the ceilings prescribed in the credit policy.
5. Following up and evaluating the granted credit facilities and taking the appropriate corrective measures to address non-performing facilities.
6. Approving or recommending to the Board the procurement of supplies in accordance with the powers prescribed by the Board in the pertinent regulations and decisions.
7. Discussing and presenting to the Board financial statements and future and strategic plans.
8. Recommending to the Board and following up the referral of lawsuits to the courts or for arbitration.
9. Subscribing for shares and bonds in new projects in accordance with the ceilings of amounts and conditions prescribed in the investment policy.
10. Any powers or duties established in the regulations and instructions issued by the Board of Directors.

A.3 Meetings of the Executive Committee

1. The Committee meets at least once every month or as needed.
2. The meetings of the Committee are legal in the presence of three members including the chairman or a deputy chairman. The Committee takes its decisions unanimously or by majority.
3. The Committee may invite the General Manager and/or any employee of the Bank to attend its meetings if necessary.

A.4 Meeting Minutes

1. The Board Secretary/Committee Rapporteur prepares the minutes and decisions of meetings and gets them approved by the Committee in preparation for submission to the Board of Directors.
2. The Board Secretary/Committee Rapporteur advises the general management of the decisions of the Executive Committee, follows up the implementation of these decisions, and submits a report to the Committee on the implementation of its decisions.

B. The Nominations and Remuneration Committee

Charter of the Nominations and Remuneration Committee

B.1 Composition of the Committee:

1. The Nominations and Remuneration Committee is formed pursuant to a decision of the Board and is made up of three non-executive members, two of them (including the Committee chairman) are independent.
2. The Board names the Committee chairman and his deputy.
3. The Board Secretary is appointed Rapporteur of the Committee.

B.2 Duties of the Nominations and Remuneration Committee

1. The Nominations and Remuneration Committee nominates Board appointments to the Board of Directors, duly considering candidates' abilities and qualifications and for re-nominations, their attendance and the quality and extent of their participation in Board meetings, in accordance with the provisions of the Companies Law on the renewal of the membership of directors to ensure compliance with all the necessary requirements when forming Board committees.
2. The Nominations and Remuneration Committee makes the determination of whether a Director is independent.
3. The Nominations and Remuneration Committee assesses the effectiveness of the Board in addition to the extent of participation of members in Board meetings. Performance criteria are objective and include comparison with other banks in addition to safety and soundness criteria and regulatory compliance.
4. The Nominations and Remuneration Committee is responsible for providing background briefing material about the Bank for Directors as requested and ensuring that they are kept up-to-date on relevant banking topics.
5. The annual evaluation of the General Manager.
6. The Nominations and Remuneration Committee:
 - Recommends to the Board the remuneration (including monthly salary and other benefits) of the General Manager.
 - Reviews the annual increments and remuneration (including salaries) of other executive management.
 - Ensures that the Bank has a remuneration/salary policy which is sufficient to attract and retain qualified individuals and is in accordance with the Bank's peers in the market.
 - Ensures that the Bank's remuneration policy is disclosed in the Annual Report, specifically the remuneration of individual Directors and the highest-paid non-Director executives.
7. The Nominations and Remuneration Committee recommends that the Board approve executive management succession plans which set out the required qualifications and requirements of the positions.

B.3 Committee Meetings

1. The Committee shall meet at the invitation of its chairman or deputy chairman at least twice a year or whenever necessary at the request of the chairman or at the request of two members of the Committee.
2. The meetings of the Committee are legal in the presence of two of its members. It takes its decisions unanimously or by majority of two members.
3. The Committee may call any employee of the Bank to attend its meetings, if necessary.

B.4 Meeting Minutes

1. The Board Secretary/Committee Rapporteur prepares the minutes and decisions of meetings and gets them approved by the Committee in preparation for submission to the Board of Directors.
2. The Board Secretary/Committee Rapporteur advises the general management of the decisions of the Committee, follows up the implementation of these decisions, and submits a report to the Committee on the implementation of its decisions.

C. Audit and Compliance Committee

Charter of the Audit and Compliance Committee

C.1 Composition of the Committee

1. The Audit and Compliance Committee is formed pursuant to a decision of the Board and is composed of three non-executive Directors, two of them, at least, are independent.
2. The Board names the Committee chairman, provided that he is a non-executive and independent Director.
3. Upon appointing members, at least two members should have relevant financial management qualifications and/or expertise.
4. The tenure of the Committee is the same as that of the Board. The Committee reports to the Board.
5. The Board Secretary is appointed Rapporteur of the Committee.

C.2 Objectives of the Committee

1. The main objective of the Committee is to assist the Board in fulfilling its responsibilities towards shareholders and external parties through:
 2. Reviewing the Financial Statements of the Bank before presenting them to the Board.
 3. Reviewing the soundness and adequacy of the Bank's internal control system.
- Ensuring that risks are reviewed and monitored so as to reflect the real risks of the Bank.
- Overseeing the work of the external and internal auditors.
- Maintaining information channels between external and internal auditors, the Board and the executive management of the Bank.
- Overseeing the Bank's compliance with applicable laws, regulations and instructions and any relevant guidelines and codes.

C.3 Powers of the Committee

The Committee is authorized by the Board to investigate any of the activities and duties assigned to it pursuant to this charter. The Committee has the ability to obtain any information it requires. The executive management of the Bank and all employees should cooperate with any such request from the Committee.

The Committee is entitled to seek legal or any other advice from external parties and from experts should it see this necessary.

C.4 Duties of the Committee

First: In the Field of Auditing

1) Financial Statements:

- 1.1 Reviewing annual, semi-annual and quarterly financial statements and budgets and recommending them to the Board for approval before they are published.
- 1.2 Reviewing the scope of the Bank's external audits.
- 1.3 Reviewing the remarks in the reports of the Central Bank and the external auditor and following up on action taken thereon.
- 1.4 Reviewing the measures taken by the executive management in response to the recommendations of external auditors on the annual financial statements and the amendments made pursuant to the recommendations of the auditors.
- 1.5 Further to the above, the Committee takes the following measures before submitting financial statements to the Board for approval:
 - a. Reviewing any amendment to the established accounting policies;
 - b. Reviewing the conformity of these policies with the international accounting standards applicable in Jordan.
 - c. Reviewing the mechanism of making extraordinary or relatively high value entries in case there is more than one method for this.
 - d. Any change in the Company's accounts as a result of audits or as a result of the suggestions of the accounts auditor.
 - e. Ensuring observance of the requirements of the Central Bank of Jordan or any other regulatory or supervisory body with regard to the adequacy of the provision for doubtful debts and the allocations of investment portfolios and expressing opinion with regard to non-performing facilities or those proposed to be considered bad debts, in addition to any other requirements.
 - f. Reviewing accounting estimates in financial statements.
 - g. Reviewing and discussing any legal matters that may affect the Bank's Financial Statements.
 - h. Reviewing information and reports attached to financial statements in the Annual Report such as corporate governance, risk management and internal control systems.

2) Internal Control System:

The Board of Directors and executive management are responsible for developing and monitoring an internal control system. In this regard, the Committee is responsible for:

- 2.1 Reviewing the adequacy and effectiveness of the internal control system and ensuring that the management has paid due attention to the internal control system and that those concerned understand and comply with this system and that responsibilities are defined.
- 2.2 The plans of internal and external auditors must include a review of the structure of the internal control systems at least once a year.
- 2.3 Reviewing the paragraph on internal control and risk management systems in the Bank's Annual Report and recommending it to the Board for approval.
- 2.4 Reviewing the policy for reporting unsound practices so that employees are able to report such practices and recommending it to the Board for approval.
- 2.5 Reviewing the Bank's policy on related-party transactions so as to prevent any conflict of interest that may arise from the conclusion of deals or contracts or entry into projects with related parties by the Company.

3) External Audit:

- 3.1 Discussing matters relating to the nomination of the external auditor and ensuring that the external auditor meets the required standard for auditor independence and objectivity and that non audit work performed for the Company does not compromise their independence.
- 3.2 Discussing all matters related to the work of the external auditor including the external auditor's annual plan, remarks, suggestions and reservations and following up the management's response to the same and presenting recommendations in this regards to the Board of Directors.
- 3.3 Participating in solving problems resulting from differences in viewpoints between the Bank's management and external auditors on technical and financial issues, and promoting the independence of auditors.
- 3.4 Recommending to the Board the appointment or the removal, the remuneration, and other contractual terms of the external auditors, in addition to assessing the objectivity of the external auditors, including the consideration of any other non-audit work performed by the external auditors to ensure their objectivity, and requesting the regular rotation of the principal partner in charge of the external audit.

4) Internal Audit:

The Committee is directly responsible for overseeing the work of the internal audit function. Its duties include:

- 4.1 Reviewing and approving the organization chart and activities of the internal audit function.
- 4.2 The power to appoint or remove internal auditors in addition to overseeing their performance.
- 4.3 The Committee reviews and approves the performance evaluations of the internal audit head and staff and authorizes their annual promotion and remuneration.
- 4.4 Reviewing the effectiveness of the internal audit function and approving the strategic and annual internal audit plans and budgets.
- 4.5 Overseeing the department's compliance with the internal audit standards issued by the Institute of Internal Auditors (IIA) and any subsequent amendments.
- 4.6 Approving the internal audit charter and ensuring its conformity with changes.
- 4.7 Reviewing and discussing audit reports and ensuring that there is an effective follow up system to address any remarks therein.
- 4.8 Participating in solving problems resulting from differences in viewpoints between the Bank's management and the internal auditors with regard to technical and financial issues and promoting the independence and objectivity of auditors.
- 4.9 The Committee is responsible for reviewing the external auditors' evaluation of the internal auditors' performance and for reviewing the work carried out by the internal auditors in connection with issues such as conflicts of interest and compliance with the rules of professional and ethical conduct in the Bank.

Second: In the Field of Compliance

1. Recommending to the Board the adoption of an internal compliance control policy and the responsibilities of the compliance function.
2. Recommending to the Board the adoption of an anti-money laundering and terrorism financing policy.
3. Overseeing and following up the implementation of the compliance control and anti-money laundering and terrorism financing policies.

4. Monitoring and evaluating the effectiveness of the “compliance risk” function and reviewing compliance reports on the Bank’s compliance and anti-money laundering and terrorism financing measures.
5. Promoting the values of integrity and honesty at the Bank and emphasizing that these values, in addition to the requirements of external regulators and applicable laws and regulations constitute prerequisites and guiding principles for the Bank’s work.
6. Ensuring there is sufficient support from the executive management for the compliance function as well as a mechanism to control compliance risks.

Third: Other Duties:

1. Reviewing the charter of the Committee and recommending the necessary amendments to the Board.
2. Preparing an annual report to the Board on the duties and powers of the Committee and the main decisions and recommendations made by the committee during the reporting period.
3. Reviewing the reports of the external supervisory bodies such as the Central Bank of Jordan and ensuring the implementation of the recommendations contained therein and the adoption of measures by the executive management to avoid the recurrence of the violations and remarks contained therein.
4. Overseeing the Bank’s compliance with the Securities Law and the regulations, instructions and decisions issued thereupon.
5. Any other duties that are required by the Board of Directors.

C.5 Committee Meetings

- 5.1 The Committee shall meet at the invitation of its chairman or deputy chairman once every month or whenever required, or based on a request from the Chairman of the Board, or any of its members, or from the external or internal auditors or the compliance function if necessary.
- 5.2 The heads of internal audit and compliance shall be invited to attend the meetings of the Committee, each according to their competence. Periodic meetings are also held with the external auditor. The Committee may call any employee of the Bank to attend any of its meetings as necessary. In all cases, the Committee shall meet with the external auditor, the internal auditor, and compliance officials at least once a year without the presence of executive management.
- 5.3 In coordination with the chairman and members of the Committee, the dates and locations of Committee meetings are determined by the Committee Rapporteur based on invitations, provided that the agenda is prepared and distributed to the chairman and members of the Committee and other invitees reasonably in advance of meetings.
- 5.4 Committee meetings are legal in the presence of two members. It takes its decisions unanimously or by majority.
- 5.5 The Committee chairman shall attend the Annual General Assembly to answer the enquiries of shareholders with regard to the duties of the Committee.

C.6 Meeting Minutes

The Committee Rapporteur prepares the minutes of the Committee’s meetings and distributes them to the chairman and members of the Committee for approval in preparation for submission to the Board of Directors.

D. The Risk Management Committee

Charter of the Risk Management Committee

D.1 Composition of the Committee

1. The Risk Management Committee is formed pursuant to a decision of the Board and is composed of three non-executive Directors, two of them, at least, are independent.
2. The Board names the Committee chairman and deputy chairman, provided that the Committee chairman is a non-executive Director.
3. Upon appointing members, at least two members should have relevant financial management qualifications and/or expertise.
4. The tenure of the Committee is the same as that of the Board. The Committee reports to the Board.
5. The Board Secretary is appointed Rapporteur of the Committee.

D.2 Objectives of the Committee

The main objective of the Committee is to assist the Board in fulfilling its responsibilities towards shareholders and external parties by reviewing and monitoring risk management so as to reflect the real risks of the Bank in addition to overseeing the Bank’s compliance with applicable laws, regulations and instructions and any relevant guidelines and codes related to risks and Basel requirements.

D.3 Powers of the Committee

1. The Committee is authorized by the Board to investigate any of the activities and duties assigned to it pursuant to this charter. The Committee has the ability to obtain any information it requires. The executive management and all employees must cooperate with any such requests from the Committee.
2. The Committee is entitled to seek legal or any other advice from external parties and from experts should it see this necessary.

D.4 Duties of the Committee

1. Overseeing the risk management framework and reviewing risk management strategies and policies before being approved by the Board of Directors and continuously assessing their effectiveness and conformity with any changes.
2. Reviewing the structure of the risk department, which is prepared by the executive management, and recommending its approval to the Board.
3. Reviewing the measures adopted by the executive management to determine, measure and control the Bank's potential risks, which include credit risks, market risks, liquidity risks and operational risks.
4. Reviewing the periodic reports issued by the risk department.
5. Submitting periodic reports to the Board of Directors showing to what extent the existing risks are congruent with the applied policies and the acceptable risk levels contained therein so as to enable the Board to take the proper and necessary decisions.

D.5 Committee Meetings

1. The Committee shall meet at the invitation of its chairman, or based on a request from the Chairman of the Board, or any of its members, or from the external or internal auditors if necessary. In all cases, the Committee shall meet at least six times a year.
2. The head of the risk management department shall be invited to attend the meetings of the Committee.
3. The Committee may call any employee and/or any external advisor of the Bank to attend any of its meetings as necessary.
4. In coordination with the chairman and members of the Committee, the dates and locations of Committee meetings are determined by the Committee Rapporteur based on invitations provided that the agenda is prepared and distributed to the chairman and members of the Committee and other invitees reasonably in advance of scheduled meetings.
5. Committee meetings are legal in the presence of two members. It makes recommendations unanimously or by majority.
6. The Committee chairman shall attend the Annual General Assembly to answer the enquiries of shareholders with regard to the duties of the Committee.

D.6 Meeting Minutes

The Committee Rapporteur prepares the minutes of the Committee's meetings and distributes them to the chairman and members of the Committee for approval in preparation for submission to the Board of Directors.

E. The Corporate Governance Committee

The Charter of the Committee:

E.1 Composition of the Committee

1. The Corporate Governance Committee is formed pursuant to a decision of the Board. It shall be headed by the Chairman of the Board and it shall comprise three non-executive Directors.
2. The Board Secretary is appointed Rapporteur of the Committee

E.2 Duties of the Committee

1. Ensuring compliance with the Corporate Governance Code and overseeing corporate governance practices at the Bank.
2. Reviewing and updating the Corporate Governance Code.
3. The Committee may request the necessary reports from related parties to ensure that all elements of corporate governance are fulfilled.
4. The Committee may invite any employee of the Bank from all administrative departments to seek their opinion or inquire about any issue.
5. The Committee shall submit a report to the Board at least once a year. The report shall include its opinion on the extent of compliance with the Code.

E.3 Committee Meetings

The committee shall meet at least once a year at the invitation of its Chairman. Committee meetings are legal in the presence of three members including the Committee Chairman.

6. The Board Information Systems Committee

A. Committee Composition

1. The Information Systems Committee is appointed by the Board of Directors of Capital Bank. It functions in its capacity as the Information Systems Committee of Capital Bank Group and performs the tasks set forth in this Charter.
2. The composition of the Committee, including its Chairman, is decided by the Board of Directors. The Board of Directors shall reconsider the membership of the Committee on an annual basis.
3. The Committee shall consist of three members, two from the Board of Directors in addition to the General Manager of the Bank. The Committee may consult external consultants in their capacity as advisers of the Committee.
4. The Secretary of the Board of Directors or his/her designee shall act as secretary of the Committee.
5. The Charter is reviewed annually.

B. Purpose of the Committee

The purpose of the Committee is to assist the Board of Directors in fulfilling the responsibilities of corporate governance and supervision of the investments, operations and strategies of the Group related to information systems. The Committee reports to the Board of Directors and provides appropriate advice and recommendations on topics covered by the Charter to facilitate decision-making by the Board.

C. Objectives

1. The Committee shall assist the Board of Directors in the following:
2. Revising management strategies related to information systems to ensure their compatibility with the strategies and goals of the Group and make recommendations thereon to the Board of Directors;
3. Revising and overseeing management strategies related to the development or implementation of new information systems;
4. Reviewing investments in new information systems projects and making recommendations thereon to the Board of Directors. In addition, it shall conduct a post-implementation review of the results of all major information systems projects.

D. Tasks and responsibilities

The Committee shall submit recommendations to the Board with respect to the information systems strategy and its implementation. To facilitate its mandate, the management (and external consultants) shall provide information to the Committee with respect to the following matters. These matters are not exhaustive and may change from time to time:

1. Information systems and innovation strategy:

- The Bank's information systems-related annual and long-term plans and strategies.
- Financial, tactical and strategic benefits of proposed significant information systems-related projects and technology architecture alternatives.
- Review the progress of major information systems-related projects.
- Make recommendations to the Board of Directors with respect to information systems-related projects and investments that require Board approval, including but not limited to the approval of operating and capital expenditure budgets.

2. Information systems operating model and governance:

- Information systems governance and operating model describe the operating and governance structure and the main responsibilities of the information systems and business sectors;
- Strategies for skills development, capacity-building and succession planning and development of key workers in the Information Systems Department.

3. Oversight of information systems-related investments:

- Investment proposals in the field of information systems taking into account the balance between risk and return and strategies;
- Review the quarterly report on major information systems projects (high strategic risk) to ensure implementation according to approved plans.
- Post implementation review of all major projects including the achievement of the expected benefits and return on investment.

4. Operational performance of information systems:

- Compare the performance of the Information Systems Department with its counterparts in the market on a regular basis.

5. Information systems risks and security:

- Effectiveness of the contingency plans and contingency plan tests.
- Effectiveness of the Bank's information systems security.

E. Meetings

- The Committee shall meet at least three times a year and as needed. The Chairman of the Committee may call for a meeting at any time, or at the request of any member of the Committee. The Chief Support Officer and Head of the Information Systems Department shall be invited to attend the meetings as needed. The Committee can also call any of the other department staff to attend the meetings as needed. The Committee may request certain parties to withdraw from any part of the meeting.
- The Committee shall have a quorum if at least two members are present.
- The Secretary, in cooperation with the Chairman of the Committee, shall prepare the agenda of each meeting. The agenda of the meeting and other relevant documents shall be distributed to each Committee member and to those who are required to attend the meeting well in advance of the meeting.

F. Reporting

- The Secretary shall keep minutes of each meeting. Draft meeting minutes shall be distributed to members of the Committee for review.
- In addition to providing the Board of Directors with minutes of meetings of the Committee, the Committee shall, through its Chairman, submit reports to the Board about its meetings, inform the Board of relevant matters and make appropriate recommendations for approval by the Board.

Fourth: Secretary of the Board

The Duties and Powers of the Board Secretary

1. The Board of Directors shall appoint a secretary of the Board and establish his/her remuneration. The secretary arranges Board meetings, prepares agendas and keeps minutes of meetings and decisions in a special register with serially arranged and sequentially numbered pages, which should be signed by the Chairman and members of the Board who attended the meeting. Each page must be stamped with the Company's stamp.
 - 1.1 In Connection with the Board of Directors
 - 1.1.1 Preparing the agendas of Board meetings in consultation with the Chairman.
 - 1.1.2 The management shall provide the Board Secretary with the documents and work papers which are the subject of the agenda.
 - 1.1.3 Attending Board meetings and recording the minutes of its meetings as well as its decisions.
 - 1.1.4 Preparing and signing the minutes of Board meetings and presenting the same to the Chairman, who, in turn, shall read and approve the minutes.
 - 1.1.5 Following up procedures for the signing of all pages of the meeting minutes by the Chairman and members of the Board.
 - 1.1.6 Supervising the process of keeping minutes and decisions of the Board in serially arranged and sequentially numbered pages, and ensuring that they are signed by members of the Board who attended the meeting.
 - 1.1.7 The Board Secretary shall notify the concerned departments of the decisions issued by the Board of Directors for implementation of the same.
 - 1.1.8 Following up the implementation of decisions and recommendations of the Board in coordination with the concerned departments and preparing a report to the Board of Directors which includes the measures taken by the Bank departments to implement these decisions.
 - 1.2 In Connection with the Board Committees
 - 1.2.1 Following up the concerned departments to provide the Board Secretary with information and work papers necessary for the work of the Board Committees.
 - 1.2.2 Preparing the agendas of the Committees in consultation with the Chairman.
 - 1.2.3 Attending the meetings of Committees and recording the minutes of their meetings.
 - 1.2.4 Following up issues relating to the Corporate Governance Code and its committees and submitting related reports to the Corporate Governance Committee in coordination with the relevant regulatory departments in the Bank, each according to its competence.
2. The Secretary follows up the decisions of the Board regarding the relationship of the Board with external bodies such as the Securities Commission and/or the Ministry of Industry and Trade and/or the Central Bank and/or the Depository Center and/or any official or non-official party and drafts the necessary correspondence.
3. The Board Secretary performs any additional duties assigned to him by the Chairman.

Chapter 4: The Executive Management

Duties and Powers of the Executive Management

1. Responsibilities of the General Manager

The General Manager is the head of the executive structure of the Bank and, in exercising his duties, he shall be accountable to the Board. To this end, the General Manager implements the policies and objectives adopted by the Board in accordance with the duties and powers stated below:

2. General Description of Responsibilities:

- 2.1 Managing and directing the Bank toward achieving the main objectives based on profit and return on capital and the responsibility for the overall process of managing the Bank, which includes planning, organization and development inside and outside Jordan.
- 2.2 The General Manager is responsible for the structure of work and employees and for activating the work plan and budgets as well as developing the quality, methods and procedures of work and implementing the strategic plans and the decisions taken by the Board of Directors.
- 2.3 The General Manager is primarily responsible for the implementation of the policies established by the Board of Directors.
- 2.4 The General Manager is responsible before the Board of Directors for the implementation of all its decisions.

3. Main Duties:

- 3.1 Preparing, developing and implementing strategies and policies following their approval by the Board of Directors and implementing the current and long-term objectives.
- 3.2 Preparing, developing and implementing work procedures to determine, control and monitor the Bank's risks.
- 3.3 Planning, coordinating and controlling the daily operations of the Bank; drawing up proper internal control policies and applying them following their approval by the Board of Directors.
- 3.4 Preparing financial statements and final accounts and preparing an annual budget and getting them approved by the Board of Directors.
- 3.5 Providing the internal and external regulators such as the regulatory authorities and internal and external auditors and any other related parties with the information and statements necessary for such parties to carry out their work.
- 3.6 Preparing an organization chart and ensuring compliance with the same following its approval by the Board of Directors.
- 3.7 Reviewing the results of the Bank's operations, comparing them with the planned objectives and taking the steps necessary for adopting the appropriate measures to correct any unsatisfactory results.
- 3.8 Achieving effective internal control systems and submitting a report, at least once a year, to the Board of Directors on their application and effectiveness.
- 3.9 Preparing a code of conduct and getting it approved by the Board of Directors.
- 3.10 Developing the skills and professional conduct of the Bank's employees in line with the most up-to-date developments and technologies.
- 3.11 Applying laws, regulations, instructions and decisions of the Board of Directors and carrying out responsibilities according to the assigned powers.

4. Powers of the General Manager:

- 4.1 The General Manager exercises his powers and responsibilities in accordance with the Companies Law and the Banking Law and the regulations issued thereunder in addition to the regulations and instructions issued by the Bank.
- 4.2 The General Manager is responsible before the Chairman of the Board of Directors for the tasks and duties assigned to him.
- 4.3 The General Manager has the following powers and responsibilities:
 - a. Conducting the ordinary daily operations of the Bank and drawing up operational plans and general programs for implementing the Bank's policies.
 - b. Exercising internal control over the Bank's operations and ensuring the Bank's compliance with the applicable laws, regulations and instructions.
 - c. Overall review of the results of the Bank's operations to ensure their consistency with the established plans and schedules.
 - d. Providing the Board of Directors with periodic reports on the situation of the Bank and ensuring that all its operations are consistent with the policy laid down by the Board of Directors and recommending any proposals it deems necessary for developing the work of the Bank.

- e. Providing the Central Bank with the information and data it demands in accordance with the provisions of the Central Bank Law and the regulations and orders issued thereunder.
- f. Updating regulations, instructions and work methods and overseeing the review of draft regulations, instructions, plans and programs for developing the performance of the Bank.
- g. Endeavoring to raise the performance level of the employees and motivate them to give their best.
- h. Updating and developing the systems and equipment necessary to perform the operations of the Bank in such a way as to guarantee the delivery of advanced banking services based on the most recent, most efficient, fastest and most accurate bases.
- i. Appointing and rotating employees, deciding their promotion and delegation, determining their posts' locations, granting them leave of absence and imposing disciplinary penalties in accordance with the provisions of the personnel system in the Bank.
- j. Signing financial transactions issued by the Bank in accordance with the financial system and other systems.
- k. Proposing financial and banking policies to the Board of Directors.
- l. Undertaking other financial and administrative powers assigned to him pursuant to Board decisions.
- m. The General Manager is entitled to delegate any of his powers to any of his assistants in accordance with the regulations and policies applicable in the Bank. However, he shall remain accountable to the Board for the performance of his duties whether he exercises them personally or delegates them to any member of the executive management.

Chapter 5: Internal Control Environment

Internal Control Systems

The Board of Directors is responsible for the development and application of internal control systems which ensure the accuracy and integrity of financial statements as well as compliance with applicable laws, regulations and instructions.

In this context, policies and regulations covering all aspects of the internal control environment have been adopted which define the internal control environment and determine the responsibility of the Board of Directors and executive management in this regard. The Board includes in the Annual Report of the Bank a report on the adequacy of internal control systems regarding financial reporting.

1. Internal Audit

Internal Audit is an independent function which aims to provide regular confirmatory services on the effectiveness and efficiency of the Bank's internal control systems and the extent of compliance with established policies, such as providing objective advice on the improvement and development of operations in order to achieve the objectives of the Bank.

- 1.1 The Bank's policy is that the internal audit function of the Bank should be adequately resourced, trained, and be provided full access to Bank records and staff members, and given sufficient authority within the Bank to adequately carry out its task. The functions and responsibilities of internal audit are documented within the Internal Audit Charter which is approved by the Audit and Compliance Committee and the Board and published within the Bank.
- 1.2 The internal audit function reports to the Chairman of the Audit and Compliance Committee.
- 1.3 Internal audit staff do not have operational responsibilities. Internal audit is responsible for proposing the structure and scope of the audit schedule and any potential conflicts of interest are to be reported to the Audit and Compliance Committee.
- 1.4 The internal audit function is allowed to operate and make a full report without outside interference. It may discuss its reports with the departments being reviewed.
- 1.5 The primary responsibility of the internal audit function, conducting risk focused audits, is at least the review of:
 - a. The Bank's financial reporting (ensuring that significant financial, managerial, and operating information are accurate, reliable, and timely).
 - b. Compliance with internal policies, international standards and procedures and applicable laws and regulations.

2. External Audit:

- 2.1 The Bank requires the regular rotation of the external audit between auditing firms. Should this no longer be practical, then the Bank will at a minimum require the regular rotation of the principal partner in charge of the external audit.
- 2.2 The external auditors' report is submitted to the Audit and Compliance Committee. The external auditors meet with the Audit and Compliance Committee without executive management present, at least once a year.

3. Risk Management

- 3.1 The Bank has an independent risk management department which falls under the Risk Management Committee. It submits periodic reports to the Risk Management Committee, copying the executive management.
- 3.2 The responsibilities of the Bank's risk management department include:
 - a. Identifying, measuring and controlling risks and making the necessary recommendations to mitigate these risks.
 - b. Developing methodologies for the measurement and control of each risk and analyzing all risks including credit risk, market risk, liquidity risk and operational risk;
 - c. Recommending limits to the Risk Management Committee, and the approval, reporting and recording of exceptions to the policy.
 - d. Providing the Board and senior management with information on risk metrics and on the Bank's risk profile (the Board reviews the qualitative and quantitative risk statistics of the Bank at each regular Board meeting).

- e. The Bank's committees, such as the credit committees, assets and liabilities/treasury committees and risk committees should assist the functions of the risk management department in accordance with the powers assigned to these committees.
- f. The structure, operation and ongoing development of the Bank's risk management department are discussed in the Bank's Annual Report.

4. Compliance

- 4.1 Compliance control is an independent function which aims to ensure that the Bank's policies comply with all applicable laws, regulations and instructions issued by the local and international regulatory authorities.
- 4.2 The Bank has an independent compliance function which directly reports to the Audit and Compliance Committee and submits periodic reports to the Audit and Compliance Committee with a copy to the executive management.
- 4.3 The compliance function establishes effective mechanisms to ensure the compliance of the Bank with all applicable laws and regulations and any relevant guidelines and codes. The functions, powers and responsibilities of the compliance function are documented and published within the Bank.
- 4.4 The Board is responsible for approving the compliance policy and overseeing its implementation. The compliance function is responsible for developing the compliance policy of the Bank and ensuring its implementation throughout the Bank.

Chapter 6: Relationship with Shareholders

1. The Bank takes steps to encourage all shareholders to attend the Annual General Assembly and to vote either in person or in their absence by proxy.
2. The chairmen of the Audit and Compliance and Nominations and Remuneration Committees and any other Board committees are present the Annual General Assembly.
3. Representatives from the external auditors are present at the Annual General Assembly to answer questions about the audit and their auditors' report.
4. There will be voting on each separate issue that is raised at the Annual General Assembly.
5. Pursuant to the Companies Law, Directors submit themselves for election or re-election at the Annual General Assembly and the appointment of the Bank's external auditors is elected at the Annual General Assembly.
6. A report of the proceedings of the Annual General Assembly, including the results of voting, and the questions from shareholders and executive management's responses, are prepared and made available to shareholders after the Annual General Assembly.

Chapter 7: Transparency and Disclosure

The Bank is required to disclose in accordance with the International Financial Reporting Standards (IFRS), the valid instructions of the Central Bank of Jordan, which are issued according to the Banking Law, and other relevant legislation. The Bank is committed to disclosing significant information as they occur, pursuant to the instructions of the Securities Commission. The complete set of financial statements shall be lodged with the Securities Commission and Amman Stock Exchange.

The Bank provides information to shareholders through the Annual Report and unaudited quarterly and semi-annual financial statements. The Bank's annual report shall include all disclosures specified in the instructions of the Securities Commission regarding the Bank's Annual Report.

Picking a Winning Stock

Our unique banking services and solutions are what set us apart. We offer commercial and investment services through Capital Investments to promote investment and foster entrepreneurship and innovation.



Capital Bank Of Jordan
Consolidated Financial Statements
31 December 2014

Independent Auditors' Report To The Shareholders Of Capital Bank of Jordan Amman - Jordan

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Capital Bank of Jordan (a public shareholding company) "the Bank", which comprise the consolidated statement of financial position at 31 December 2014 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on other Legal and Regulatory Requirements

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

**Amman – Jordan
5 February 2015**

Capital Bank Of Jordan
Consolidated Statement of Financial Position
As of 31 December 2014

	Notes	2014	2013
		JD	JD
Assets			
Cash and balances at central banks	4	325,118,703	281,526,628
Balances at banks and financial institutions	5	147,980,172	124,483,286
Deposits at banks and financial institutions	6	12,168,358	6,160,000
Financial assets at fair value through profit or loss	7	14,673,834	10,704,964
Financial assets at fair value through other comprehensive income	8	5,400,417	4,522,021
Direct credit facilities, Net	9	794,414,558	676,366,322
Other financial assets at amortized cost	10	554,920,960	504,980,344
Financial assets pledged as collateral	11	37,473,878	109,165,043
Property, plant and equipment, net	13	27,173,329	24,198,102
Intangible assets, net	14	9,424,953	8,306,391
Deferred tax assets	23	7,643,911	7,152,430
Other assets	15	125,296,446	129,011,951
Total Assets		2,061,689,519	1,886,577,482
Liabilities And Equity			
Liabilities -			
Banks and financial institutions' deposits	16	168,920,337	103,021,840
Customers' deposits	17	1,234,139,403	1,140,349,003
Margin accounts	18	143,063,492	104,941,597
Loans and advances	19	94,776,873	147,366,306
Subordinated loan	20	17,725,000	-
Secondary loan (convertible to shares)	21	9,800,890	12,952,001
Sundry provisions	22	125,000	-
Income tax provision	23	12,786,692	11,387,527
Deferred tax liabilities	23	343,638	229,673
Other liabilities	24	35,127,067	42,038,177
Total Liabilities		1,716,808,392	1,562,286,124
Equity-			
Equity attributable to the Bank's shareholders			
Issued and paid in capital	25	181,500,000	165,000,000
Additional paid in capital		709,472	709,472
Statutory reserve	27	28,458,986	23,049,227
Voluntary Reserve		9,690	9,690
General banking risk reserve	27	8,999,012	7,559,006
Foreign currency translation adjustments	28	5,647,798	4,076,324
Fair value reserve	29	(1,156,006)	(1,462,896)
Equity component of the convertible loans	21	1,022,784	1,022,784
Retained earnings	31	56,919,132	64,197,383
Total equity attributable to the Bank's shareholders		282,110,868	264,160,990
Non-controlling interest		62,770,259	60,130,368
Total Equity		344,881,127	324,291,358
Total Liabilities and Equity		2,061,689,519	1,886,577,482

The accompanying notes from 1 to 53 are an integrated part of these consolidated financial statements.

Capital Bank Of Jordan
Consolidated Statement Of Income
For the Year Ended 31 December 2014

	Notes	2014	2013
		JD	JD
Interest income	32	108,721,849	99,778,429
Interest expense	33	54,806,726	57,970,611
Net interest income		53,915,123	41,807,818
Net commission income	34	20,562,158	19,712,325
Net interest and commission income		74,477,281	61,520,143
Net gain from foreign currencies	35	2,296,325	2,788,462
Net gain from financial assets at fair value through profit or loss	36	1,876,401	2,854,408
Dividends income from financial assets at fair value through other comprehensive income	8	105,418	110,333
Net gain from financial assets at amortized cost		56,569	95,517
Other income	37	12,694,436	11,619,347
Gross profit		91,506,430	78,988,210
Employees' expenses	38	16,188,141	15,525,630
Depreciation and amortization	13,14	3,606,383	3,578,093
Other expenses	39	13,302,302	11,685,819
Impairment losses on direct credit facilities	9	7,682,930	919,020
Impairment loss on seized assets against non-performing loans	15	495,114	3,547,941
Sundry provisions (Recovery)	22	125,000	(5,000,000)
Total expenses		41,399,870	30,256,503
Profit before tax		50,106,560	48,731,707
Income tax expense	23	13,791,784	11,695,417
Profit for the year		36,314,776	37,036,290
Attributable to:			
Bank's shareholders		33,521,823	35,182,995
Non - controlling interest		2,792,953	1,853,295
		36,314,776	37,036,290
		Fils/JD	Fils/JD
Basic and diluted earnings per share	40	0/185	0/194

The accompanying notes from 1 to 53 are an integrated part of these consolidated financial statements.

Capital Bank Of Jordan
Consolidated Statement Of Comprehensive Income
For the Year Ended 31 December 2014

	2014	2013
	JD	JD
Profit for the year	36,314,776	37,036,290
Add: Other comprehensive income items to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation adjustments	2,506,348	1,656,653
Add: Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:		
(Loss) gains from partially selling investment in subsidiaries – net of tax	(648,416)	3,945,457
Change in financial assets at fair value through other comprehensive income	453,889	89,533
Capital increase fees	(406,605)	(120,146)
Total other comprehensive income for the year, net of tax	1,905,216	5,571,497
Total comprehensive income for the year	38,219,992	42,607,787
Attributable to:		
Bank's shareholders	34,449,878	40,131,603
Non-controlling interest	3,770,114	2,476,184
	38,219,992	42,607,787

Capital Bank Of Jordan

Consolidated Statement Of Changes In Owners Equity

For the Year Ended 31 December 2014

	Issued and Paid in Capital	Reserves				Foreign currency translation adjustments	Fair value reserve	Equity component of the convertible loan	*Retained earnings	Equity attributable to the Bank's shareholders	Non-controlling interest	Total equity
		Additional paid in capital	Statutory	Voluntary	General banking risk							
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2014												
Beginning Balance	165,000,000	709,472	23,049,227	9,690	7,559,006	4,076,324	(1,462,896)	1,022,784	64,197,383	264,160,990	60,130,368	324,291,358
Income for the year	-	-	-	-	-	-	-	-	33,521,823	33,521,823	2,792,953	36,314,776
Foreign currency translation adjustment	-	-	-	-	-	1,571,474	-	-	-	1,571,474	934,874	2,506,348
Gains from partially selling investment in subsidiaries	-	-	-	-	-	-	-	-	(648,416)	(648,416)	-	(648,416)
- net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	-	306,890	-	-	306,890	146,999	453,889
Capital increase fees	-	-	-	-	-	-	-	-	(301,893)	(301,893)	(104,712)	(406,605)
Total comprehensive	-	-	-	-	-	1,571,474	306,890	-	32,571,514	34,449,878	3,770,114	38,219,992
Transferred to reserves	-	-	5,409,759	-	1,440,006	-	-	-	(6,849,765)	-	-	-
Stock dividends (note 26)	16,500,000	-	-	-	-	-	-	-	(33,000,000)	(16,500,000)	-	(16,500,000)
Share of non-controlling interest in dividends from subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,130,223)	(1,130,223)
Ending balance	181,500,000	709,472	28,458,986	9,690	8,999,012	5,647,798	(1,156,006)	1,022,784	56,919,132	282,110,868	62,770,259	344,881,127
31 December 2013												
Beginning Balance	150,000,000	709,472	18,151,039	4,418	5,631,076	3,016,076	(1,525,945)	1,022,784	46,454,346	223,463,266	19,344,690	242,807,956
Income for the year	-	-	-	-	-	-	-	-	35,182,995	35,182,995	1,853,295	37,036,290
Foreign currency translation adjustment	-	-	-	-	-	1,060,248	-	-	-	1,060,248	596,405	1,656,653
Gains from partially selling investment in subsidiaries	-	-	-	-	-	-	-	-	3,945,457	3,945,457	-	3,945,457
- net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of financial assets at fair value through OCI	-	-	-	-	-	-	63,049	-	-	63,049	26,484	89,533
Capital increase fees	-	-	-	-	-	-	-	-	(120,146)	(120,146)	-	(120,146)
Total comprehensive income	-	-	-	-	-	1,060,248	63,049	-	39,008,306	40,131,603	2,476,184	42,607,787
Subsidiaries capital increase	-	-	-	-	-	-	-	-	-	-	38,875,615	38,875,615
Transferred to reserves	-	-	4,898,188	5,272	1,927,930	-	-	-	(6,265,269)	566,121	(566,121)	-
Stock dividends (note 26)	15,000,000	-	-	-	-	-	-	-	(15,000,000)	-	-	-
Ending balance	165,000,000	709,472	23,049,227	9,690	7,559,006	4,076,324	(1,462,896)	1,022,784	64,197,383	264,160,990	60,130,368	324,291,358

* Retained earnings include JD 7,643,911 which represents deferred tax assets as of 31 December 2014 (31 December 2013 JD 7,152,430). According to the Central Bank of Jordan's regulations these balances are restricted.

* Retained earnings include JD 1,635,042 which represents unrealized gain as a result of early adoption of IFRS9. This amount is not available for distribution as per Securities and Exchange Commission.

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

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

Capital Bank Of Jordan

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2014

	Notes	2014	2013
		JD	JD
Operating Activities			
Profit before income tax		50,106,560	48,731,707
Adjustments for Non-Cash Items			
Depreciation and amortization		3,606,383	3,578,093
Impairment loss on direct credit facilities		7,682,930	919,020
loss from revaluation of financial assets at fair value through profit or loss		991,840	194,647
Impairment loss on seized assets		495,114	3,547,941
Sundry provisions (Reversals)		125,000	(5,000,000)
Net accrued interest		172,478	(20,140)
Effect of exchange rate changes on cash and cash equivalents		(2,296,325)	(2,788,462)
Operating cash flows from operating activities before changes in assets and liabilities		60,883,980	49,162,806
Changes in assets and liabilities -			
(Increase) in restricted balances		(2,512)	(284,540)
(Increase) decrease in financial assets at fair value through profit or loss		(4,960,710)	4,322,751
(Increase) in direct credit facilities		(124,801,139)	(53,569,789)
Decrease (Increase) in other assets		2,758,229	(26,537,021)
(Increase) in banks and financial institution deposits		(6,008,358)	(6,160,000)
(Increase) decrease in banks and financial institution deposits maturing after more than three months		18,000,000	(10,635,000)
Increase in customers' deposits		91,319,004	179,177,786
Increase in margin accounts		37,660,361	33,797,675
Increase in other liabilities		9,716,927	5,782,196
Net cash from operating activities before income tax		84,565,782	175,056,864
Income tax paid		(12,477,965)	(7,974,329)
Net cash from operating activities		72,087,817	167,082,535
Investing Activities			
Purchase of financial assets at fair value through other comprehensive income		(405,189)	(205,655)
Purchase of financial assets at amortized cost		(207,352,329)	(223,895,368)
Matured financial assets at amortized cost		157,636,682	89,451,348
Change in financial assets pledged as collateral		71,691,165	56,584,394
Purchase of property and equipment		(5,130,602)	(2,731,734)
Sale of property and equipment		75,820	229,703
Purchase of intangible assets		(2,645,389)	(817,056)
Proceeds from partially selling investment in subsidiaries		-	5,636,367
Net cash from investing activities		13,870,158	(75,748,001)
Financing Activities			
Capital increase fees		(406,605)	(120,146)
Proceeds from loans and borrowings		81,364,685	133,738,027
Repayment of loans and borrowings		(133,954,118)	(180,350,370)
Repayment of secondary loan (convertible to shares)		(3,151,111)	-
Cash dividends		(17,084,599)	-
Non-controlling interest is share of subsidiaries increase in capital		-	38,875,615
Net cash used in financing activities		(73,231,748)	(7,856,874)
Net increase in cash and cash equivalents		12,726,227	83,477,660
Effect of exchange rate changes on National Bank of Iraq		4,165,401	2,430,160
Effect of exchange rate changes on cash and cash equivalents		2,296,325	2,788,462
Cash and cash equivalent at the beginning of the year		323,146,998	234,450,716
Cash and cash equivalent at the end of the year	42	342,334,951	323,146,998

The accompanying notes from 1 to 53 are an integrated part of these consolidated financial statements.

Capital Bank of Jordan

Notes to the Consolidated Financial Statements

31 December 2014

(1) General Information

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

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

The Bank originally had a paid in capital of JD 20 million. The Bank has subsequently increased its capital to reach JD 165 million. The increases in capital were affected through capitalizing its distributable reserves and private placements to shareholders, in addition to the participation of International Finance Corporation (IFC) which became a strategic partner.

General assembly approved in its extra-ordinary meeting held on 24 March 2014 to increase the Bank's capital by JD 16,500,000 through stock dividend to reach 181,500,000 and all procedures to increase the capital have been completed during May 2014.

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

The consolidated financial statements were authorized for issue by the Bank's Board of Directors in their meeting No. 1/2015 held on 5 February 2015 and they are subject to Central Bank of Jordan and the Shareholders General Assembly approval.

(2) Significant Accounting Policies

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

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

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

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

(2-2) Changes in accounting policies:

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2013 except for the following:

Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods which started on or after 1 January 2014. The amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The application of the new amendments did not have any impact on the Company's / Group's / Bank's, financial position or performance.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. Application of the new amendments did not have any impact on the Company's / Group's / Bank's financial position or performance and became effective for annual periods which started on or after 1 January 2014.

IFRIC 21 Levies

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. Application of the interpretation did not have any impact on the Company's / Group's / Bank's financial position or performance and became effective for annual periods which started on or after 1 January 2014.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. Application of the new amendments did not have any impact on the Company's / Group's / Bank's financial position or performance and became effective for annual periods which started on or after 1 January 2014.

(2-3) Basis of consolidation

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

- Power over the investee (i.e. existing rights that give the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Bank owns less than a majority of voting rights in an investee, in this case, the Bank considers all factors and circumstance to determine whether it has control over the investee, which include the following:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangement
- The Bank's voting rights and potential voting rights

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

- Capital Investment and Brokerage Company Ltd Jordan; of which the Bank owns 100% of its paid in capital of JD 10,000,000 as of 31 December 2014. The company was established on 16 May 2005.
- National Bank of Iraq (NBI) ; of which the Bank owns 61.85% of its paid in capital of IQD 250 billion (JD 156,250,000) as of 31 December 2014. National Bank of Iraq was acquired effective 1 January 2005.
- Capital Investment Fund Company Bahrain; of which the Bank owns 100% of its paid in capital of BHD 1,000 (JD: 1,888) as of 31 December 2014. The purpose of the company is to manage mutual funds and it has not started its operations as of the date of preparing this consolidated financial statement.
- Capital Bank Corporate Advisory (DIFC) UAE, of which the bank owns 100% of its paid in capital of USD 250,000 (JOD 177,250) as of 31 December 2014. The purpose of the company is to engage financial consulting services, and it has not started its operations as of the date of preparing this consolidated financial statement.

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

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

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

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

Segment Information

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

Direct credit facilities

- Impairment of direct credit facilities is recognized in the provision for impairment loss when events occur after the initial recognition of the credit facility that have an impact on the estimated future cash flows of the facilities that can be reliably estimated. The impairment is recorded in the consolidated statement of income.
- Interest and commission arising from non-performing facilities is suspended when loans become impaired according to the Central Bank of Jordan's regulations, or according to the oversight authorities regulations of the countries on which the bank has branches or subsidiaries which ever is higher.
- Loans and the related allowance for credit losses are written off when collection procedures become ineffective. The excess in the allowance of possible loan losses, if any, is transferred to the consolidated statement of income, and cash recoveries of loans that were previously written off are credited to the consolidated statement of income.

Financial assets at amortized cost

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

Financial assets at fair value through profit or loss

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

Financial assets at fair value through other comprehensive income

The Bank has the final right to value each financial instrument as an equity instrument at fair value through other comprehensive income; however, this classification is not permitted if the investment is an equity instrument held for trade.

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

Dividend income is recognized in the consolidated statement of income.

Fair value

- The Bank values the financial instruments, such as derivatives and non-financial assets, at fair value at the date of the financial statements. The fair value of the financial instruments classified at amortized cost, are also disclosed in Note 41.
- The fair value represents the price that will be obtained when selling the assets or the amount that will be paid to transfer liability of regulated transaction between participants in the market.
- In the absence of the principal market, the most advantageous market will be used to trade the assets or liabilities.
- The bank needs the opportunities to reach the primary or most suitable markets.
- The fair value of an assets or liability is masured using the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
- A fair value measurement of a non-financial assets takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
- The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
- The Bank uses the following valuation techniques in setting and disclosing the fair value of the financial instruments:
 - All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:
 - Level 1 – Quoted market prices in active markets for identical assets or liabilities.
 - Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
 - Level 3 –Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
- For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
- The appraisal committee, along with the Group's external appraisers, compare the changes and the related external information on the fair value on the assets and liabilities to evaluate the reasonableness of the changes.
- For the purpose of the fair value disclosure, the Group classifies the assets and liabilities according to its nature, risks of the assets and liabilities, and fair value level.
- The valuation of the non-current assets and liabilities, and those that do not incur interest, in accordance with the discounted cash flow, and the effective interest rate, discount/ premuim is amortized from the paid and received interest revenue in the consolidated income statement.

Impairment of financial assets

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

Impairment is determined as follows:

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

Impairment is recognised in the consolidated statement of income. If in a subsequent period, the amount of the impairment loss decreases, the carrying value of the asset is increased to its recoverable amount. The amount of the reversal is recognised in the consolidated statement of income.

Property and equipment

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

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

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

Provisions

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

Income Tax

Tax expense comprises current tax and deferred taxes.

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

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

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

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

Fiduciary assets

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

Offsetting

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

Revenue and expense recognition

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

Expenses are recognized on an accrual basis.

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

Date of Recognition of Financial Assets

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

Financial instruments and hedge accounting

Hedge Financial Instruments

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

Fair value hedges

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

Cash flow hedges

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

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

Hedge of net investments in foreign operations

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

Derivative financial instruments held for trading

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

Repurchase and resale agreements

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

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

Financial assets pledged as collateral

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

Assets Seized by the Bank

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

Intangible assets

Intangible assets are recognized on the basis of its useful life, whether it is a finite life or it has an infinite life. Intangible assets with finite lives are amortized over the useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date and is recognized in the consolidated statement of income.

Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of income. Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at the date of the consolidated financial statements. Adjustments are reflected in the current and subsequent periods. Intangible assets include trademarks, computer software and programs, Management estimates the useful life for each item. Amortization is calculated using the straight-line method at 25%.

The following is the accounting policy for each of the bank's intangible assets:

- Trade Market: Amortized using the straight line method at 25%.
- Programs and computer system amortized using the straight line method at 25%.

Foreign currencies

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

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

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

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

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

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

Cash and cash equivalents

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

(3) Use of estimates

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

The Bank's management believe is that its financial statements estimates are reasonable and are as follows:

- Provision for the impairment of direct credit facility: the loan's provision is reviewed according to the regulations of the Central Bank of Jordan.
- Impairment losses on assets seized by the Bank are determined based on appraisal reports prepared by certified appraisers. Valuation is performed on a regular basis.
- Income tax: is calculated based on the tax rates and laws that are applicable at the statement of financial position date and the deferred income tax liabilities and the necessary income tax provisions are calculated and recognized.
- A periodic review is performed to reassess the useful lives of tangible and intangible assets for the purpose of annual depreciations and amortizations based on the general condition of the assets and the estimations of the expected useful lives, and any identified impairment is recorded in the consolidation statement of income (if any).
- Legal provision is taken for any legal liabilities raised against the Bank, and according to the Bank's legal advisor opinion.

(4) Cash and balances with central banks

	2014	2013
	JD	JD
Cash on hand	35,641,753	30,260,235
Balances at Central Banks:		
Current and demand deposits	191,890,414	140,971,773
Time and term deposits	-	30,800,000
Statutory cash reserve	97,586,536	79,494,620
Total	325,118,703	281,526,628

- Except for the statutory cash reserve, there are no restricted cash balances as of 31 December 2014 and 2013.
- There are no balances maturing within three months as of 31 December 2014 and 2013.

(5) Balances at banks and financial institutions

	Local banks and financial institutions		Foreign Banks and Financial Institutions		Total	
	2014	2013	2014	2013	2014	2013
	JD	JD	JD	JD	JD	JD
Current and demand deposits	932,926	129,684	85,271,346	110,735,447	86,204,272	110,865,131
Deposits maturing within or less than 3 months	41,923,900	4,963,000	19,852,000	8,655,155	61,775,900	13,618,155
Total	42,856,826	5,092,684	105,123,346	119,390,602	147,980,172	124,483,286

- Non-interest bearing balances at banks and financial institutions amounted to JD 72,454,969 as of 31 December 2014 (2013: JD 33,727,341).
- Restricted balances amounted to JD 1,113,587 as of 31 December 2014 (2013: JD1,111,075).

(6) Deposits At Banks And Financial Institutions

	Local banks and financial institutions		Foreign Banks and Financial Institutions		Total	
	2014	2013	2014	2013	2014	2013
	JD	JD	JD	JD	JD	JD
Deposits	-	-	12,168,358	6,160,000	12,168,358	6,160,000
Total	-	-	12,168,358	6,160,000	12,168,358	6,160,000

There is no restricted deposit as of 31 December 2014 and 2013.

(7) Financial Assets At Fair Value Through Profit Or Loss

	2014	2013
	JD	JD
Equities	13,699,407	9,783,787
Investment funds	974,427	921,177
Total	14,673,834	10,704,964

(8) Financial Assets At Fair Value Through Other Comprehensive Income

	2014	2013
	JD	JD
Quoted shares	2,204,515	2,123,564
Unquoted shares	3,195,902	2,398,457
Total	5,400,417	4,522,021

- There is no gains or losses arised from sale of assets at fair value through other comprehensive income as of 31 December 2014 and 2013.
- The cash dividends amounted to JD 105,418 and it reflects the shares that the bank owns in other companies as of 31 December 2014 (2013: 110,333).

(9) Direct Credit Facilities, Net

	2014	2013
	JD	JD
Retail customers		
Overdrafts	16,402,483	15,021,137
Loans and bills *	96,702,345	101,237,425
Credit cards	4,658,479	3,571,476
Mortgages	127,589,701	110,724,147
Corporate		
Overdrafts	102,603,018	78,051,479
Loans and bills *	424,747,695	373,889,208
Small and medium enterprises facilities "SMEs"		
Overdrafts	16,712,936	12,655,761
Loans and bills *	36,725,056	26,485,685
Government and public sector	30,883,193	13,681,266
Total	857,024,906	735,317,584
Less: Suspended interest	24,397,898	23,731,813
Less: Allowance for impairment in indirect credit facilities	38,212,450	35,219,449
Net direct credit facilities	794,414,558	676,366,322

- * Net of interest and commissions received in advance amounted to JD 3,873,152 as of 31 December 2014 (2013: JD 6,203,250).
- Non-performing credit facilities amounted to JD 72,496,851 as of 31 December 2014 (2013: JD 71,594,887), represents 8.46 % of total credit facilities as at 31 December 2014 (2013: 9.74 %).
 - Non-performing credit facilities, net of suspended interest, amounted to JD 48,098,953 as of 31 December 2014 (2013: JD 47,863,074) represents 5.78 % (2013: 6.73 %) of total credit facilities after excluding the suspended interest.
 - Government and public sector Facilities amounted JD 18,283,193 as of 31 December 2014 (2013: JD 7,647,054) represents 2.13 % (2013: 1.04%) of total facilities as of 31 December 2013.

Provision for impairment losses:

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

	Retail	Real estate Mortgages	Corporates	SMEs	Total
	JD	JD	JD	JD	JD
2014					
Balance at the beginning of the year	5,094,766	631,518	28,578,876	914,289	35,219,449
Charge (surplus) for the year	3,460,107	(119,622)	4,204,905	137,540	7,682,930
Amounts written off	(16,280)	-	(4,813,724)	-	(4,830,004)
Foreign exchange differences	106,939	-	33,136	-	140,075
Balance at the end of the year	8,645,532	511,896	28,003,193	1,051,829	38,212,450
Impairment on individual basis	8,395,621	510,334	27,467,804	1,001,840	37,375,599
Watch list impairment on portfolio basis	249,911	1,562	535,389	49,989	836,851
Balance at the end of the year	8,645,532	511,896	28,003,193	1,051,829	38,212,450
2013					
	Retail	Real estate Mortgages	Corporates	SMEs	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,718,672	690,399	29,975,304	897,137	34,281,512
Charge (surplus) for the year	2,409,354	(58,881)	(1,448,605)	17,152	919,020
Amounts written off	(36,124)	-	-	-	(36,124)
Foreign exchange differences	2,864	-	52,177	-	55,041
Balance at the end of the year	5,094,766	631,518	28,578,876	914,289	35,219,449
Impairment on individual basis	4,590,548	628,691	27,328,382	893,360	33,440,981
Watch list impairment on portfolio basis	504,218	2,827	1,250,494	20,929	1,778,468
Balance at the end of the year	5,094,766	631,518	28,578,876	914,289	35,219,449

Non-performing credit facilities that were settled or collected amounted to JD 5,937,611 as at 31 December 2014 (2013: JD 6,866,277).

The board of directors have approved on meeting No. (1/2015) dated 5 February 2015 to classify non-performing loans with its related interest in suspense amounting to JOD 8,311,747 to off-balance sheet accounts while maintaining the banks legal rights in collecting those loans and following up with debtors, accordingly the net balance of the non-performing credit facilities classified on off balance sheet accounts was JOD 84,128,505 as of 31 December 2014 fully covered against provisions and interest in suspense.

Interest in suspense

The movement of interest in suspense is as follow:

	Retail	Real estate	Corporates	SMEs	Total
	JD	JD	JD	JD	JD
2014					
Balance at the beginning of the year	4,854,845	424,642	18,178,651	273,675	23,731,813
Add: Suspended interest during the year	1,624,280	100,122	4,645,101	136,344	6,505,847
Less: interest transferred to income	(65,075)	(279,817)	(223,895)	(40,125)	(608,912)
Less: amounts written off	(84,026)	-	(5,122,515)	(52,678)	(5,259,219)
Foreign exchange differences	11,450	-	16,919	-	28,369
Balance at the end of the year	6,341,474	244,947	17,494,261	317,216	24,397,898

	Retail	Real estate	Corporates	SMEs	Total
	JD	JD	JD	JD	JD
2013					
Balance at the beginning of the year	4,556,779	355,031	10,993,158	109,318	16,014,286
Add: Suspended interest during the year	495,637	125,754	8,342,035	178,909	9,142,335
Less: interest transferred to income	(49,932)	(56,143)	(457,728)	(14,552)	(578,355)
Less: amounts written off	(160,183)	-	(703,377)	-	(863,560)
Foreign exchange differences	12,544	-	4,563	-	17,107
Balance at the end of the year	4,854,845	424,642	18,178,651	273,675	23,731,813

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

	Inside	Outside	31 December	31 December
	Jordan	Jordan	2014	2013
	JD	JD	JD	JD
Financial	22,090,641	328,871	22,419,512	20,679,454
Industrial	99,688,425	21,295,582	120,984,007	93,900,363
Commercial	113,388,282	11,019,248	124,407,530	101,001,802
Real estate	211,760,557	3,545,093	215,305,650	170,749,363
Tourism and hotels	5,362,784	-	5,362,784	4,013,455
Agriculture	15,107,713	1,465,933	16,573,646	16,069,058
Shares	42,487,728	-	42,487,728	47,829,790
Services utilities and public	54,684,670	26,709,520	81,394,190	56,255,713
Transportation Services (including air transportation)	4,596,968	-	4,596,968	7,870,968
Government and public sector	30,883,193	-	30,883,193	13,681,266
Retail	65,509,737	33,116,913	98,626,650	107,958,571
Other	31,372,700	-	31,372,700	36,356,519
Total	696,933,398	97,481,160	794,414,558	676,366,322

(10) Other Financial Assets At Amortized Cost

This item consists of the following:	31 December 2014	31 December 2013
	JD	JD
Treasury bonds	500,265,977	444,845,370
Treasury bills	3,616,079	-
Governmental debt securities and its gurantees	45,575,325	46,771,047
Corporate debt securities	5,463,579	13,363,927
Total	554,920,960	504,980,344
Analysis of bonds and bills:		
Fixed Rate	551,375,960	494,953,594
Floating rate	3,545,000	10,026,750
Total	554,920,960	504,980,344

• Net of impairment loss amounted JD 500,000 as of 31 December 2014 and 2013.

(11) Financial assets- pledged as collateral

	31 December 2014		31 December 2013	
	Pledged assets	Related liabilities	Pledged assets	Related liabilities
	JD	JD	JD	JD
Financial assets at amortized cost	37,473,878	37,500,000	109,165,043	109,011,863
Total	37,473,878	37,500,000	109,165,043	109,011,863

These bonds were pledged against loans and borrowing in the repurchase agreements with the Central Bank of Jordan.

Bond	Issue number	Bond Balance	Maturity Date
Treasury Bonds	2012/29	12,494,272	19/6/2015
Treasury Bonds	2012/63	12,500,000	2/12/2015
Treasury Bonds	2014/82	12,479,606	12/11/2019
Total		37,473,878	

(12) Investment in National Bank of Iraq

- The Bank has acquired 59.2% of the capital of National Bank of Iraq (an operating bank in Iraq), effective on 1 January 2005. The Bank has consecutively increased National Bank of Iraq capital on multiple phases to reach IQD 250 Billion (JD 156.3 Million) as of 31 December 2014, The Bank interest in National Bank of Iraq capital is 61.85% as of 31 December 2014.
- The Bank has the legal right to manage the National Bank of Iraq. The assets, liabilities and statement of income were consolidated at the date of the consolidated financial statements. The goodwill that arose from the acquisition was also valued at the date of the financial statements.

(13) Property and Equipment - Net

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

31 December 2013	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers	Others**	Total
Cost	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	8,445,257	7,387,653	6,251,544	403,496	3,482,629	7,850,458	33,821,037
Foreign exchange differences	1,414	17,370	10,604	1,323	-	-	30,711
Additions	-	17,956	719,765	-	234,413	174,447	1,146,581
Disposals	(6,160)	-	(76,224)	(9,922)	-	(260,707)	(353,013)
Balance at the end of the year	8,440,511	7,422,979	6,905,689	394,897	3,717,042	7,764,198	34,645,316
Accumulated depreciation:							
Balance at the beginning of the year	-	810,470	3,471,357	219,692	2,782,893	3,121,073	10,405,485
Depreciation charge for the year	-	110,148	658,355	54,697	365,464	733,945	1,922,609
Foreign exchange differences	-	1,738	9,655	511	-	-	11,904
Disposals	-	-	(46,981)	(9,922)	-	(66,307)	(123,210)
Balance at the end of the year	-	922,356	4,092,386	264,978	3,148,357	3,788,711	12,216,788
Net book value of property and equipment	8,440,511	6,500,623	2,813,303	129,919	568,685	3,975,487	22,428,528
Advanced payment to purchase property & equipment	-	239,510	1,305,330	-	192,608	32,126	1,769,574
Net book value of property and equipment as the end of the year	8,440,511	6,740,133	4,118,633	129,919	761,293	4,007,613	24,198,102

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

- The estimated costs to complete the purchase of premises and equipment amounted to JD 1,140,196 as of 31 December 2014.
- Fully depreciated property and equipment use amounted to JD 4,978,355 as of 31 December 2014 (2013: JD 3,634,111).

(14) Intangible assets - Net

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

	Computer Software	Goodwill	Total
2013	JD	JD	JD
Balance at the beginning of the year	3,270,386	3,969,213	7,239,599
Additions	2,045,879	-	2,045,879
Foreign currency differences	(706)	42,330	41,624
Amortization	(1,655,484)	-	(1,655,484)
Balance at the end of the year	3,660,075	4,011,543	7,671,618
Projects under construction	634,773	-	634,773
Balance as of 31 December 2013	4,294,848	4,011,543	8,306,391

As of 31 December 2014, the estimated cost to complete projects under construction is JD 1,154,424.

Fully amortized intangible assets amounted to JD 4,570,237 as of 31 December 2014, (2013: JD 4,065,133).

Impairment Testing of Goodwill

The Bank has tested whether there was a decline in the value of goodwill arising on the acquisition of National Bank of Iraq.

The Bank has tested the goodwill using the following key assumptions:

- The financial statements have been prepared for the anticipated next five years based on assumptions about the performance at the National Bank of Iraq, based on economic indicators such as interest rates.
- The discounted cash flow and expected revenues show that the rate of return on equity is 5% over the next five years.
- The cash flow has been discounted using a discount rate of 12%.
- The Bank's management believes that based on the result of the discounted cash flow no impairment in the value of goodwill.
- The goodwill is being evaluated based on the acquisition of National Bank of Iraq of the exchange that arose from the acquisition of the National Bank of Iraq is being evaluated at the exchange rates as of year-end. Accordingly, the goodwill has increased by JD 58,609 as of 31 December 2014, compared to a decrease of JD 42,330 at the end of the prior year and recording the increased amount within foreign currencies translation differences in the consolidated statement of changes in equity.

(15) Other Assets

The details are as follows:

	2014	2013
	JD	JD
Accrued interest and revenue	17,968,528	18,637,352
Prepaid expenses	1,770,544	1,863,940
Collaterals seized by the bank against matured debts*	64,484,355	50,012,580
Purchased banks acceptances	9,405,590	8,362,289
Export documents and bills purchased	2,321,119	15,447,780
Other assets seized **	16,151,795	16,151,795
Refundable deposits	2,228,309	2,759,065
Others	10,966,206	15,777,150
Total	125,296,446	129,011,951

* Central Bank of Jordan rules require to dispose the real estate that was seized by the bank during a maximum period of two years form the acquisition date.

** The value of accumulated impairment of the other real estate expropriated is JD 4,037,948 as in 31 December 2014 compared to JD 4,037,948 in 31 December 2013.

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

	2014			2013
	Seized real estate	Other seized assets**	Total	
	JD	JD	JD	
Balance at the beginning of the year	46,140,912	3,871,668	50,012,580	36,364,184
Foreign currency translation differences	39	-	39	28
Additions	17,052,148	-	17,052,148	16,340,970
Retirements	(2,085,298)	-	(2,085,298)	(1,163,635)
Impairment losses	(291,527)	(203,587)	(495,114)	(1,528,967)
Balance at the end of the year	60,816,274	3,668,081	64,484,355	50,012,580

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

(16) Banks and Financial Institutions' Deposits

The details are as follows:

	2014			2013		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and demand deposits	6,958	88,780,379	88,787,337	10,731	14,942,109	14,952,840
Term deposits	42,463,000	37,670,000	80,133,000	54,979,000	33,090,000	88,069,000
Total	42,469,958	126,450,379	168,920,337	54,989,731	48,032,109	103,021,840

(17) Customers' Deposits

The details are as follows:

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

	Retail	Corporate	SMEs	Government and public Sectors	Total
2013	JD	JD	JD	JD	JD
Current and demand deposits	163,134,381	116,988,346	39,814,442	2,826,121	322,763,290
Saving accounts	71,693,273	454,504	210,413	-	72,358,190
Time and notice deposits	460,647,103	119,039,214	51,848,540	68,069,443	699,604,300
Certificates of deposit	44,187,154	407,675	1,028,394	-	45,623,223
Total	739,661,911	236,889,739	92,901,789	70,895,564	1,140,349,003

- Jordanian governmental institutions and public sector deposits amounted to JD 83,874,548 representing 6.8 % of the total deposits as of 31 December 2014 compared to 70,895,564 representing 6.22% as of 31 December 2013.
- Non-interest bearing deposits amounted to JD 403,122,065 representing 32.66 % of total deposits as of 31 December 2014 compared to JD 268,366,629 representing 23.53% of the total deposits as of 31 December 2013.
- No deposits are reserved (restricted withdrawals) as of 31 December 2014 and 31 December 2013.
- The inactive deposits reached the amount of JD 1,286,032 as of 31 December 2014 compared to JD 3,427,134 as of 31 December 2013.

(18) Margin Accounts

The details are as follows:

	2014	2013
	JD	JD
Margins on direct credit facilities	58,765,153	35,310,938
Margins on indirect credit facilities	41,091,465	45,079,678
Margin dealings	8,788,906	2,821,495
Others	34,417,968	21,729,486
Total	143,063,492	104,941,597

(19) Loans and Borrowings

The details are as follows:

	Amount	Number of Instalments		Frequency of Instalment	Collaterals	Interest rate
		Total	Outstanding			
2014	JD	JD	JD		JD	%
Amounts borrowed from central banks	56,436,607	83	74	One payment	37,473,878	2.13% - 3.00%
Amounts borrowed from local banks and institutions	28,000,000	4	4	One payment	-	4.65% - 7.35%
Amounts borrowed from foreign banks and institutions	10,340,266	99	72	Semiannual payment	-	0.93%- 2.0%
Total	94,776,873				37,473,878	

	Amount	Number of Instalments		Frequency of Instalment	Collaterals	Interest rate
		Total	Outstanding			
2013	JD	JD	JD		JD	%
Amounts borrowed from central banks	116,462,863	30	20	One payment	109,165,043	2.50% - 3.75%
Amounts borrowed from local banks and institutions	23,000,000	3	3	One payment	-	6.03% - 7.35%
Amounts borrowed from foreign banks and institutions	7,903,443	149	92	Semiannual payment	-	0.30%- 2.0%
Total	147,366,306				109,165,043	

- Borrowed money from the Central Bank include JD 18,936,607 that represents amounts borrowed to refinance the customers loans in the medium term financing programs that have been re-borrowed. These loans mature during 2015.
- Borrowed money form the Central Bank include JD 37,500,000 against agreements of repurchase treasury bonds with a nominal value of JD 37,500,000 and repurchase contract will be matured in 4 January, 5 January, and 7 January 2015.
- The loans that relate to local institutions are all borrowed from the Jordan Mortgagee refinance Company. The total amount of the loans equates to JD 28 Million. The loans have been refinanced a rate of 7.49% and are due during 2015.
- The fixed – interest loans amounted to JD 91,776,873 and at loans with variable interest amounted to JD 3,000,000 as of 31 December 2014.

(20) Subordinated Loans

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

(21) Secondary loan (convertible to shares)

	Amount	Number of Instalment		Frequency of instalments	Collaterals	Interest Rate
		Total	Outstanding			
31 December 2014					JD	%
Secondary loan	9,800,890	9	7	Semiannual installments starting in June 2014	-	variable rate LIBOR 6 month +3.5%
Total	9,800,890				-	

The convertible loans details are as follows:

	2014	2013
	JD	JD
Nominal value of the convertible loan	11,028,889	14,180,000
Less: Equity component	1,022,784	1,022,784
Less: Issue cost	205,215	205,215
Total	9,800,890	12,952,001

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

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

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

(22) Sundry Provisions

	Balance at the beginning of the year	Provided	Utilized	Transferred to income	Balance at the end of the year
2014	JD	JD	JD	JD	JD
Provision for lawsuits raised against the bank	-	125,000	-	-	125,000
Total	-	125,000	-	-	125,000
2013					
Provision for lawsuits raised against the bank	5,000,000	-	-	5,000,000	-
Total	5,000,000	-	-	5,000,000	-

(23) Income Tax

A- Income Tax liabilities

The movement on income tax liability is as follows:

	2014	2013
	JD	JD
Balance at the beginning of the year	11,387,527	5,661,855
Foreign exchange translation differences	21,176	(2,794)
Income tax paid	(12,477,965)	(7,974,329)
Income tax charge for the year	13,753,638	11,991,789
Income tax on other comprehensive income	-	1,690,910
Income tax charge for previous years	102,316	20,096
Balance at the end of the year	12,786,692	11,387,527
Current income tax charge for the year	13,753,638	11,991,789
Previous years income tax charges	102,316	20,096
Deferred tax assets for the year	(84,223)	(173,355)
Deferred tax liabilities for the year	36,536	(146,217)
Foreign exchange translation differences	(16,483)	3,104
	13,791,784	11,695,417

- Legal income tax rate on the bank revenues is 30% and on the brokerage firm is 24%.
- Legal income tax on the bank revenues in Iraq is 15%.
- A final settlement has been made with the income tax department regarding the bank tax till the end of 2013.
- A final settlement has been made with the income tax department regarding the tax on the brokerage firm till the end of 2010.
- A final settlement has been made with the income tax department regarding the tax on National Bank of Iraq till the end of 2012.
- In the opinion of management and tax consultant the provision for income tax provided for is sufficient to meet the tax obligations as of 31 December 2014.

B- Deferred tax assets / Liabilities

The detail is as follows:

	2014					2013
Included accounts	Balance at the beginning of the year	Released	Additions	Balance at the end of the year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
a) Deferred tax assets						
Provision for lawsuits held against the bank	-	-	125,000	125,000	43,750	-
Impairment loss on seized shares	7,366,557	-	203,587	7,570,144	2,649,550	2,209,967
Impairment loss on financial assets through profit or loss	908,882	(778,805)	1,330,666	1,460,743	505,091	259,049
Provision for watch list facilities	2,191,206	(394,394)	-	1,796,812	455,475	539,598
Impairment loss on financial assets	2,965,911	(408,745)	249,807	2,806,973	894,945	836,835
Provision on other credit facilities	4,703,167	(3,779,531)	550,847	1,474,483	455,475	1,410,950
Losses on impairment of financial assets at amortized cost	500,000	-	-	500,000	175,000	150,000
Impairment of seized assets	5,464,053	-	291,527	5,755,580	2,014,453	1,639,216
Provision for loss from partially selling subsidiaries	-	-	997,563	997,563	349,147	-
Other deferred tax assets	356,051	(67,407)	-	288,644	101,025	106,815
Total	24,455,827	(5,428,882)	3,748,997	22,775,942	7,643,911	7,152,430
b) Deferred tax liabilities						
Unrealized gains – financial assets at fair value through OCI	156,065	(585,403)	517,875	88,537	205,419	127,990
Unrealized gain from financial assets – at fair value through profit or loss	(268,997)	(1,590,151)	923,391	(935,757)	138,219	101,683
Total	(112,932)	(2,175,554)	1,441,266	(847,220)	343,638	229,673

- Income tax rate for deferred tax assets and liabilities ranges from 24% -35%.
- The deferred tax assets and liabilities for the bank were calculated using a tax rate of 35% as of 31 December 2014 which had an impact of increasing the deferred tax assets with an amount of JD 994,807, and deferred tax liabilities with an amount of JD 29,345 according to the new income tax law issued on 31 December 2014 and effective on 1 January 2015.

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

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Balance at the beginning of the year	7,152,430	229,673	6,914,673	287,958
Additions	1,250,506	278,654	2,650,281	190,034
Released	(759,025)	(164,689)	(2,412,524)	(248,319)
Balance at the end of the year	7,643,911	343,638	7,152,430	229,673

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

	2014	2013
	JD	JD
Accounting profit	50,106,560	48,731,707
(Loss) profit of statement of comprehensive income	(997,563)	5,636,367
Non-taxable income	(1,192,891)	(9,600,236)
Non-deductible expenses	3,609,323	4,556,681
Taxable profit	51,525,429	49,324,519
Effective rate of income tax	27.52%	24.00%

The statutory tax rate on banks in Jordan is 30% and the statutory tax rates on subsidiaries range between 15% to 24%.

(24) Other Liabilities

	2014	2013
	JD	JD
Accrued interest expense	8,301,873	8,798,219
Accrued expenses	466,530	2,134,179
Certified cheques	2,880,625	1,948,181
Cheques payable	3,347,505	2,529,578
Board of directors' remuneration	55,000	58,233
Brokerage payables	15,039,738	6,161,778
Negative fair value of derivatives (Note 43)	16,955	72,757
Commitments deposits	-	17,813,343
Others	5,018,841	2,521,909
Total	35,127,067	42,038,177

(25) Paid In Capital and additional paid in capital

The authorized and paid in capital amounted to JD 181,500,000 is divided into shares at a par value of JD 1 per share as of 31 December 2014 (2013: JD 165,000,000).

(26) Proposed shares dividends

The proposed number of shares is 16,500,000 share to be distributed to shareholders, equivalent to 10% of the authorized and paid in capital. In addition, the proposed cash dividends amount to JD 16,500,000 to be distributed to shareholders, equivalent to 10% of the authorized and paid in capital.

(27) Reserves

Statutory Reserve

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

General banking risk reserve

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

The use of the following reserves is restricted by law:

Description	Amount	Restriction Law
	JD	
Statutory reserve	28,458,986	Companies Law and Banks law
General banking risk reserve	8,999,012	Central Bank of Jordan

(28) Foreign currency translation reserve

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

	2014	2013
	JD	JD
Balance at the beginning of the year	4,076,324	3,016,076
Movement during the year	1,571,474	1,060,248
Balance at the end of the year	5,647,798	4,076,324

(29) Fair value reserve

The movement for this account is as follows:

	2014	2013
	JD	JD
Balance at the beginning of the year	(1,462,896)	(1,525,945)
Change in fair value for financial assets at fair value through other comprehensive income	326,209	86,579
Gain from sale of financial assets at fair value through other comprehensive income	-	-
Deferred tax liability	(77,429)	(87,932)
Deferred tax assets	58,110	64,402
Balance at the end of the year	(1,156,006)	(1,462,896)

Fair value reserve is presented after deducting the deferred tax liability.

(30) Material partially - owned subsidiaries

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

	31 December 2014			
	Country	Nature of activity	Country	Dividends distribution
National Bank of Iraq	Iraq	Banking	38.15%	1,096,243
	31 December 2013			
	Country	Nature of activity	Country	Dividends distribution
National Bank of Iraq	Iraq	Banking	38.15%	—

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

A. Summarized statement of financial position before elimination entries as of 31 December 2014:

	31 December 2014	31 December 2013
	National Bank of Iraq	National Bank of Iraq
	IQD	IQD
Cash and cash equivalents	252,666,928	283,844,579
Financial assets through profit or loss	-	3,589,499
Financial assets through OCI	1,693,942	908,454
Credit facilities, net	100,048,642	63,655,171
Financial assets at amortized cost	-	15,397,998
Other assets	28,628,759	19,197,585
Total assets	383,038,271	386,593,286
Banks and customers deposits	207,512,040	220,425,615
Provisions and other liabilities	10,427,552	4,880,040
Total liabilities	217,939,592	225,305,655
Shareholders' equity	165,098,679	161,287,631
Total liabilities and shareholder's equity	383,038,271	386,593,286

B. Summarized statement of comprehensive income before elimination entries as of 31 December 2014:

	31 December 2014	31 December 2013
	National Bank of Iraq	National Bank of Iraq
	IQD	IQD
Interest and commission income, net	18,490,261	13,925,458
Other income	1,869,890	2,752,944
Gross profit	20,360,151	16,678,402
General and administrative expenses	7,615,000	5,473,097
Provisions	4,102,272	427,982
Total expenses	11,717,272	5,901,079
Profit before tax	8,642,879	10,777,323
Income tax	1,321,901	1,818,546
Profit after tax	7,320,978	8,958,777
Other comprehensive income	616,512	112,696
Total comprehensive income for the year	7,937,490	9,071,473

C. Summarized cash flow for significant subsidiaries:

	31 December 2014	31 December 2013
	National Bank of Iraq	National Bank of Iraq
	IQD	IQD
Cash flows		
Operations	(100,429,847)	86,126,666
Investing	16,836,506	(34,244,206)
Financing	87,558,988	34,405,505
Net increase	3,965,647	86,287,965

(31) Retained Earnings

The details are as follows:

	2014	2013
	JD	JD
Balance at the beginning of the year	64,197,383	46,454,346
Profit for the year	33,521,823	35,182,995
Transferred to reserves	(6,849,765)	(6,265,269)
Losses from partially selling subsidiaries	-	-
Net after tax	(648,416)	3,945,457
Capital increase fees	(301,893)	(120,146)
Distributions dividends	(33,000,000)	(15,000,000)
Balance at the end of the year	56,919,132	64,197,383

- Retained Earnings includes restricted balance of JOD 7,643,911 for deferred tax benefits as of 31 December 2014 against JOD 7,152,430 as of 31 December 2013.
- Retained Earnings includes as of 31 December 2014 an amount of JOD 1,635,042 represent the effects of early implementation of IFRS 9, according to the Jordan securities commission this amount is restricted until realized.
- It is prohibited to utilize the negative balance of the fair value reserve form retained earnings, which amounts to JOD 1,156,006 as of 31 December 2014.

(32) Interest Income

The details are as follows:

	2014	2013
	JD	JD
Direct Credit Facilities:		
Retail		
Overdrafts	849,135	892,286
Loans and bills	10,622,514	11,361,548
Credit cards	456,778	457,321
Real estate mortgages	9,881,953	9,246,876
Corporate		
Overdrafts	6,812,155	5,847,001
Loans and bills	31,636,660	23,153,898
Small and medium enterprises (SMEs)		
Overdrafts	1,411,995	1,138,457
Loans and bills	2,862,347	2,603,715
Government and public sectors	1,164,436	1,183,356
Balances at central banks	69,924	1,096,533
Balances at banks and financial institutions	1,590,689	629,307
Financial assets at amortized cost	41,363,263	42,168,130
Total	108,721,849	99,778,429

(33) Interest Expense

The details are as follows:

	2014	2013
	JD	JD
Banks and financial institutions deposits	2,313,081	1,695,458
Customers' deposits:		
Current accounts and deposits	3,348,797	1,376,883
Saving deposits	1,432,579	2,168,629
Time and notice deposits	38,636,624	39,855,856
Certificates of deposits	2,208,519	2,319,886
Margin accounts	1,095,732	1,066,343
Loans and borrowings	3,933,195	7,915,514
Deposits guarantee fees	1,838,199	1,572,042
Total	54,806,726	57,970,611

(34) Net Commission Income

The details are as follows:

	2014	2013
	JD	JD
Commission income:		
Direct credit facilities	1,373,880	2,144,915
Indirect credit facilities	8,708,771	6,923,525
Other commission	12,635,400	11,706,059
Less: commission expense	(2,155,893)	(1,062,174)
Net Commission Income	20,562,158	19,712,325

(35) Net Gain From Foreign Currencies

The details are as follows:

	2014	2013
	JD	JD
Revaluation of foreign currencies	2,295,049	2,791,931
Trading in foreign currencies	1,276	(3,469)
Total	2,296,325	2,788,462

(36) Net gain from financial assets at fair value through profit or loss

The details are as follows:

2014	Realized Gain	Unrealized (loss)	Dividends income	Total
	JD	JD	JD	JD
Equity shares	2,054,022	(991,840)	814,219	1,876,401
Total	2,054,022	(991,840)	814,219	1,876,401
2013				
Equity shares	2,608,083	(194,647)	440,972	2,854,408
Total	2,608,083	(194,647)	440,972	2,854,408

(37) Other Income

The details are as follows:

	2014	2013
	JD	JD
Recovered amount from written - off loans	8,950,220	5,764,764
Fees and commission resulted from sale of shares in subsidiaries	1,453,153	4,545,457
Income and commission from investments and securities	2,291,063	1,309,126
Total	12,694,436	11,619,347

(38) Employees' Expenses

The details are as follows:

	2014	2013
	JD	JD
Salaries and benefits	13,487,335	11,012,372
Employee's bonuses	—	2,129,537
Bank's contribution in social security	1,265,169	1,020,319
Medical expenses	841,866	727,946
Training	181,720	280,456
Paid vacations	127,081	205,561
Bank's contribution to social activities fund	48,158	11,652
Others	236,812	137,787
Total	16,188,141	15,525,630

(39) Other Operating Expenses

The details are as follows:

	2014	2013
	JD	JD
Rent and building services	2,606,757	1,946,690
Consulting and professional fees	1,613,356	1,230,610
Stationary and printing	377,811	364,837
Board of Directors' transportation	282,434	137,541
Reuters' and Bloomberg subscription expense	149,137	154,761
Donations	238,871	178,981
Advertisement	2,805,232	1,705,580
Subscriptions, fees and licenses	511,236	446,499
Security services	95,879	101,422
Travel and transportation	912,046	1,821,501
Computer expenses	928,544	844,308
Post, telephone, swift and Internet	381,686	406,802
Subscriptions	201,466	112,634
Cash transportation services	95,276	80,464
Insurance	291,931	222,226
Entertainment expenses	64,086	60,254
Board of directors' remuneration	50,726	55,000
Maintenance	589,487	592,666
Losses on disposal of assets	224,496	98,568
Operating losses	33,498	90,458
Others	848,347	1,034,017
Total	13,302,302	11,685,819

(40) Earnings Per Share

Basic and diluted earnings per share

The details are as follows:

	2014	2013
	JD	JD
Profit for the year attributable to Bank's shareholders	33,521,823	35,182,995
Weighted average number of shares during the year	181,500,000	181,500,000
	JD / Fils	JD / Fils
Basic and diluted earnings per share	0/185	0/194

(41) Fair Value Of Financial Assets Not Presented At Fair Value In The Financial Statements

	31 December 2014		31 December 2013	
	Book value	Fair value	Book value	Fair value
Other financial assets at amortized cost and pledged assets	592,394,838	606,577,815	614,145,387	635,041,925
Direct credit facilities, net	794,414,558	794,414,558	676,366,322	676,366,322

(42) Cash and Cash Equivalents

The details are as follows:

	2014	2013
	JD	JD
Cash and balances with central banks maturing within 3 months	325,118,703	281,526,628
Add: Balances at banks and financial institutions maturing within 3 months	147,980,172	124,483,286
Less: Banks and financial institutions' deposits maturing within 3 months	(129,650,337)	(81,751,841)
Less: Restricted cash balances	(1,113,587)	(1,111,075)
	342,334,951	323,146,998

(43) Derivative financial instruments

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

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

2013			Par (nominal) value maturity		
	Positive fair value	Negative fair value	Total nominal amount	Within 3 months	3-12 months
	JD	JD	JD	JD	JD
Currency sale contract	-	72,757	6,887,117	6,887,117	-
Currency purchases contract	-	-	6,814,360	6,814,360	-
Currency swaps contracts	-	193,906	20,833,400	-	20,833,400

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

(44) Related Party Transactions

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

Company name		Paid in capital	
	Ownership	2014	2013
		JD	JD
Capital Investment and Brokerage Company	100%	10,000,000	10,000,000
National Bank of Iraq	61.85%	86,739,856	86,739,856
Bahrain Investment Fund Company	100%	1,888	1,888
Capital Bank Corporate Advisory (DIFC) limited	100%	177,250	-

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

The following related party transactions took place during the year:

	Related party			Total	
	BOD members	Executive management	Others	2014	2013
	JD	JD	JD	JD	JD
Statement of financial position items:					
Bank Deposits	—	—	49,976,186	49,976,186	37,887,741
Balances at bank	15,802,219	257,733	39,479,573	55,539,525	11,460,732
Margin accounts	—	—	7,614,865	7,614,865	1,279,061
Direct credit facilities	7,657,746	1,133,573	124,299	8,915,618	18,421,356
Direct credit facilities- watch list	3,609,990	—	—	3,609,990	4,337,461
Off-balance sheet items:					
Indirect credit facilities	24,000	—	43,982,372	44,006,372	30,263,170
Statement of income items:					
Interest and commission income	1,685,208	55,182	1,344,236	3,084,626	1,316,006
Interest and commission expense	4,068	1,529	489,877	495,474	1,140,969

- Interest rates on credit facilities in Jordanian Dinar range between 4% -9.25%
- No credit facilities were granted in foreign currency.
- Interest rates on deposits in Jordanian Dinar range between 3% - 6%.
- Interest rates on deposits in foreign currency is 1%.

Compensation of the key management personnel is as follows:

	2014	2013
	JD	JD
Benefits (Salaries, wages, and bonuses) of executive management	3,457,364	2,585,179
Total	3,457,364	2,585,179

(45) Fair Value of Financial Instruments

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

As disclosed in disclosure 8, as at 31 December 2014, financial assets at fair value through other comprehensive income include unquoted shares amounted to JD 3,195,902 are presented at book value as the Bank is unable to assess its value.

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

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
2014				
Financial assets				
Financial assets at fair value through profit or loss	13,699,407	974,427	-	14,673,834
Financial assets at fair value through other comprehensive income	2,204,515	3,195,902	-	5,400,417
Derivative instruments	-	(16,955)	-	(16,955)
2013				
Financial assets				
Financial assets at fair value through profit or loss	9,783,787	921,177	-	10,704,964
Financial assets at fair value through other comprehensive income	2,123,564	2,398,457	-	4,522,021
Derivative instruments	-	(72,757)	-	(72,757)

(46) Risk Management Policies

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

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

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

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

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

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

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

During 2014 the Bank has worked on several primary principles in risk management, mainly on the following:

1. Update ICAAP in accordance with the changes and to be applicable to the requirements and amendments of BASEL III.
2. Review of risk management policies in relation to new requirements and the strategic vision of the Bank as well as to enhance the measurement and management of risk.
3. Reviewing, renewal and adaptation of the Risk Appetite Framework and monitoring this framework on a monthly basis.
4. Applying Moody's International Credit Rating System in an effective manner, in order to classify the clients risk levels whether they are Corporate clients or SME's. In addition to adapting a score card rating model using Moody's to classify Retail clients.
5. Developing internal score card models to evaluate\ classify risks (Credit Risk/ Market & Liquidity Risk/ Concentration Risk) relying on a set of standards and indicators that reflect each type of risk.
6. Calculating the Value at Risk (VaR) for equity investments.

For the year 2015, the Bank is planning to work on several primary principles in risk management, mainly on the following:

1. Evaluate the Bank's ability to adapt to the requirements of BASEL III and assess the requirements that have to be provided in order to comply with the Central Bank of Jordan's instructions regarding BASEL III.
2. The implementation of the second phase of Moody's Credit Rating System for classifying the facilities in order to apply the Foundation Internal Rating Approach for credit risk management.
3. Continue working on PCI (Payment Card Industry) as well as ISO requirements.
4. Implementing the system relating to managing the Business Continuity Plan from SunGard.
5. Implementing the ISO 27001 & ISO 27002 requirements for Information Security.

Credit Risk

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

The Bank generally manages Credit Risk through:

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

Credit Risk Management Methods:

1. Credit Risk Appetite & Early Warning Procedures:

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

2. Internal Risk Rating:

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

3. Stress Testing:

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

Credit Risk Mitigation Techniques:

The Bank follows several techniques to reduce credit risk:

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

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

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

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

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

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

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

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

1) Credit Risk Exposures:

	2014	2013
	JD	JD
Statement of financial position items:		
Cash and balances at Central Banks	289,476,950	251,266,393
Balances at banks and financial institutions	147,998,613	124,488,303
Deposits at banks and financial institutions	12,274,679	6,160,240
Direct credit facilities		
Retail	104,484,518	111,519,721
Real estate lending	128,023,843	110,036,262
Corporates	485,652,057	408,703,134
SMEs	52,532,834	38,375,788
Governmental sector	31,724,593	14,307,284
Bonds and treasury bills:		
Financial assets at amortized cost	564,157,948	513,316,185
Financial investments- pledged as collateral	37,683,967	110,936,002
Other assets	12,120,111	25,759,496
Total statement of financial position Items:	1,866,130,113	1,714,868,808
Off - balance sheet items		
Letters of guarantee	154,032,267	140,101,219
Letters of credit	96,850,663	90,490,788
Issued acceptances	45,943,431	21,279,660
Irrevocable commitments to extend credit	36,987,515	31,319,707
Forward deals	3,398,282	2,277,950
Total off balance sheet items	337,212,158	285,469,324
Total	2,203,342,271	2,000,338,132

- The table above represent the maximum limit of the Bank's credit risk exposure as of 31 December 2014 and 2013, without taking into consideration the collateral and the other factors which will decrease the Bank's credit risk.
- For the statement of financial position items, the exposure in the above table is based on the balances as appeared on the consolidated statement of financial position.

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

2014	Retail	Retail estate mortgages	Corporate	SMEs	Governmental Sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low risk	7,672,911	413,498	20,921,405	3,938,263	920,178,992	-	953,125,069
Acceptable risk	85,244,177	126,970,051	419,763,302	44,355,168	-	175,257,869	851,590,567
Past due:							
Up to 30 days	28,912	3,938	9,979,867	952,266	-	-	10,964,983
From 31 to 60 days	135,864	221,721	15,791,741	2,091,556	-	-	18,240,882
Watch list	11,880,147	96,901	36,431,229	3,119,697	-	-	51,527,974
Non performing:							
Substandard	353,222	-	129,370	493,454	-	-	976,046
Doubtful	5,999,969	-	1,418,335	405,664	-	-	7,823,968
Loss	7,521,982	1,270,508	51,254,763	1,434,252	-	-	61,481,505
Overdrawn accounts	799,116	29,728	1,231,107	155,381	-	-	2,215,332
Total	119,471,524	128,780,686	531,149,511	53,901,879	920,178,992	175,257,869	1,928,740,461
Less: Suspended interest	(6,341,474)	(244,947)	(17,494,261)	(317,216)	-	-	(24,397,898)
Less: Allowance for impairment losses	(8,645,532)	(511,896)	(28,003,193)	(1,051,829)	-	-	(38,212,450)
Net	104,484,518	128,023,843	485,652,057	52,532,834	920,178,992	175,257,869	1,866,130,113

2013	Retail	Retail estate mortgages	Corporate	SMEs	Governmental Sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low risk	5,080,079	2,159,490	10,629,325	2,902,869	696,293,008	-	717,064,771
Acceptable risk	101,351,684	107,010,925	332,260,764	33,189,382	-	349,940,895	923,753,650
Past due:							
Up to 30 days	4,241,053	3,539	4,395,259	139,576	-	-	8,779,427
From 31 to 60 days	36,756	41,435	2,877,901	217,763	-	-	3,173,855
Watch list	6,309,414	182,790	53,299,503	1,615,055	-	-	61,406,762
Non performing:							
Substandard	871,314	-	392,028	75,625	-	-	1,338,967
Doubtful	2,491,156	-	440,679	254,504	-	-	3,186,339
Loss	4,603,617	1,706,327	56,950,960	1,280,729	-	-	64,541,633
Overdrawn accounts	762,068	32,890	1,487,402	245,588	-	-	2,527,948
Total	121,469,332	111,092,422	455,460,661	39,563,752	696,293,008	349,940,895	1,773,820,070
Less: Suspended interest	(4,854,845)	(424,642)	(18,178,651)	(273,675)	-	-	(23,731,813)
Less: Allowance for impairment losses	(5,094,766)	(631,518)	(28,578,876)	(914,289)	-	-	(35,219,449)
Net	111,519,721	110,036,262	408,703,134	38,375,788	696,293,008	349,940,895	1,714,868,808

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

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

2014	Retail	Real estate mortgages	Corporate	SMEs	Governmental Sector	Total
	JD	JD	JD	JD	JD	JD
Collaterals						
Low risk	7,672,911	413,498	20,921,405	3,938,263	-	32,946,077
Acceptable risk	32,767,471	93,171,848	153,924,916	39,598,856	-	319,463,091
Watch list	278,779	1,594,300	7,718,662	4,618,000	-	14,209,741
Non performing:						
Substandard	6	14,700	-	774,625	-	789,331
Doubtful	41,738	478,854	-	86,201	-	606,793
Loss	46,157	1,728,675	11,553,137	746,674	-	14,074,643
Overdrawn accounts	-	-	521,494	5	-	521,499
Total	40,807,062	97,401,875	194,639,614	49,762,624	-	382,611,175
Comprising of:						
Cash margin	7,672,911	413,498	20,921,405	3,938,263	-	32,946,077
Real Estate	8,973,101	95,243,489	148,719,101	39,694,264	-	292,629,955
Quoted equities	4,796,675	-	9,999,815	831,100	-	15,627,590
Vehicles and machinery	19,364,375	1,744,888	14,999,293	5,298,997	-	41,407,553
Total	40,807,062	97,401,875	194,639,614	49,762,624	-	382,611,175

2013	Retail	Real estate mortgages	Corporate	SMEs	Governmental Sector	Total
	JD	JD	JD	JD	JD	JD
Collaterals						
Low risk	5,080,079	2,159,490	10,629,325	2,902,869	-	20,771,763
Acceptable risk	51,620,779	91,187,174	84,272,809	19,638,798	-	246,719,560
Watch list	3,027,337	46,053	14,058,947	1,143,320	-	18,275,657
Non performing:						
Substandard	40,046	-	837,770	-	-	877,816
Doubtful	1,622,034	-	-	7,043	-	1,629,077
Loss	2,179,752	2,050,250	16,317,800	1,202,570	-	21,750,372
Overdrawn accounts	532	-	533,828	11,724	-	546,084
Total	63,570,559	95,442,967	126,650,479	24,906,324	-	310,570,329
Comprising of:						
Cash margin	5,080,079	2,159,490	10,629,325	2,902,869	-	20,771,763
Real Estate	34,828,448	93,266,721	97,613,068	18,910,635	-	244,618,872
Quoted equities	14,973,133	-	11,835,095	-	-	26,808,228
Vehicles and machinery	8,688,899	16,756	6,572,991	3,092,820	-	18,371,466
Total	63,570,559	95,442,967	126,650,479	24,906,324	-	310,570,329

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

Rescheduled loans

Are defined as loans that were classified as “Non-performing” credit facilities, and subsequently removed and included under “Watch List” based upon a proper rescheduling that complies with the Central Bank of Jordan’s regulations. These loans amounted to JD 23,549,334 as of 31 December 2014, against JD 28,580,666 as of 31 December 2013.

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

Restructured loans

Restructuring is defined as reorganizing credit facilities in terms of installments, extending the term of credit facilities, deferment of instalments, or extending the grace period and accordingly are classified as “Watch List” in case of restructuring twice during the year according to the Central Bank of Jordan instructions number 47/2009 issued on 10 December 2009 and its amendments. These debts amounted to JD 48,761,058 as of 31 December 2014, against JD 53,739,384 as of 31 December 2013.

3) Bonds and Treasury Bills

The following table shows the classifications of bonds and treasury bills based on the international credit rating agencies as in 31 December 2014:

Bonds and Bills

Risk Rating Class	Financial Assets at fair value through profit or loss	Financial Assets at amortized cost	Financial assets at fair value through other comprehensive income	Pledged Financial Assets	Total
	JD	JD		JD	JD
Non-rated	-	5,463,579	-	-	5,463,579
Governmental	-	549,457,381	-	37,473,878	586,931,259
Baa1/ Moodys	-	-	-	-	-
A-/ S&P	-	-	-	-	-
BBB+/ S&P	-	-	-	-	-
Total	-	554,920,960	-	37,473,878	592,394,838

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

Geographic sector	Inside Jordan	Other Middle Eastern countries	Europe	Asia*	America	Other	Total
	JD	JD	JD	JD	JD	JD	JD
Cash and balances at Central Banks	81,547,579	207,929,371	-	-	-	-	289,476,950
Balances at banks and financial institutions	42,823,639	30,809,770	39,367,790	682,609	34,139,318	175,487	147,998,613
Deposits at banks and financial institutions	-	10,027,741	2,246,938	-	-	-	12,274,679
Direct credit facilities:							
Retail	68,263,113	36,221,405	-	-	-	-	104,484,518
Real Estate mortgages	128,023,843	-	-	-	-	-	128,023,843
Corporate lending:							
Corporate	419,993,699	65,658,358	-	-	-	-	485,652,057
SME's	52,334,890	197,944	-	-	-	-	52,532,834
Governmental and public Sector	31,724,593	-	-	-	-	-	31,724,593
Bonds and treasury bills within:							
financial assets at amortized cost	562,710,226	1,447,722	-	-	-	-	564,157,948
Pledged financial assets	37,683,967	-	-	-	-	-	37,683,967
Other assets	12,120,111	-	-	-	-	-	12,120,111
Total 2014	1,437,225,660	352,292,311	41,614,728	682,609	34,139,318	175,487	1,866,130,113
Total 2013	1,309,350,376	370,259,151	13,996,301	468,465	20,520,362	274,153	1,714,868,808

* Excluding inside the kingdom and Middle east countries

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

Economic sector	Financial	Industrial	Commercial	Real estate*	Agriculture	Shares	Retail	Public and governmental	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at Central Banks	-	-	-	-	-	-	-	289,476,950	-	289,476,950
Balances at banks and financial institutions	147,998,613	-	-	-	-	-	-	-	-	147,998,613
Deposits at banks and financial institutions	12,274,679	-	-	-	-	-	-	-	-	12,274,679
Direct credit facilities	22,478,612	121,558,940	125,254,148	217,754,910	16,654,063	44,473,607	100,177,881	31,724,593	122,341,091	802,417,845
Bonds and treasury bills within:										
Financial Assets at amortized Costs	2,333,972	2,738,411	-	506,604	-	-	-	558,578,961	-	564,157,948
Pledge financial assets	-	-	-	-	-	-	-	37,683,967	-	37,683,967
Other assets	9,405,590	-	-	-	-	-	-	2,714,521	-	12,120,111
Total 2014	194,491,466	124,297,351	125,254,148	218,261,514	16,654,063	44,473,607	100,177,881	920,178,992	122,341,091	1,866,130,113
Total 2013	423,072,063	91,867,392	101,922,389	173,744,928	15,858,711	42,029,137	65,153,684	696,293,008	104,927,496	1,714,868,808

* The balance includes real estate loans granted to corporations and mortgage lending institutions.

Market Risk

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

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

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

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

Interest Rate Risk:

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

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

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

Interest Rate Risk Compensating Methods:

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

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

Interest Rate Gaps:

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

Interest Rate Hedging:

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

The sensitivity of statement of income is represented by the effect of the possible expected changes in interest rates on the Bank's profits for one year. It is calculated based on the financial assets and liabilities that carry a variable interest rate as at 31 December 2014.

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

2013			
Currency	Increase in interest rate	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
US Dollar	1	(3,169,388)	-
Euro	1	(9,664)	-
Pound Sterling	1	7,583	-
Japanese Yen	1	4	-
Other Currencies	1	(15,117)	-

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

2013			
Currency	Decrease in interest rate	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
US Dollar	1	3,169,388	-
Euro	1	9,664	-
Pound Sterling	1	(7,583)	-
Japanese Yen	1	(4)	-
Other Currencies	1	15,117	-

2- Currency Risks

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

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

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

2014		
Currency	Change in currency exchange rate	Effect on profit and loss
	%	JD
Euro	5	(546,262)
Pound Sterling	5	152,906
Japanese Yen	5	281
Other currencies	5	9,484,286
2013		
Currency	Change in currency exchange rate	Effect on profit and loss
	%	JD
Euro	5	(198,101)
Pound Sterling	5	(74,548)
Japanese Yen	5	743
Other currencies	5	7,849,264

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

3- Equity Price Risk

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

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

Indicator	Change in indicator	Effect on profit and loss	Effect on equity
2014	%	JD	JD
Amman Stock exchange	5	167,312	78,503
Regional Markets	5	566,379	106,796
International markets	5	–	–
Indicator	Change in indicator	Effect on profit and loss	Effect on equity
2013	%	JD	JD
Amman Stock exchange	5	117,410	113,960
Regional Markets	5	273,388	34,535
International markets	5	44,705	–

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

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

31 December 2014	Less than 1 month		1 – 3 months		3 – 6 months		6 – 12 months		1 – 3 years		3 years or more		Non-interest bearing		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Assets-																
Cash and balances at Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	325,118,703	325,118,703
Balances at banks and financial institutions	13,749,303	61,775,900	-	-	-	-	-	-	-	-	-	-	-	-	72,454,969	147,980,172
Deposits at banks and financial institutions	-	-	-	12,168,358	-	-	-	-	-	-	-	-	-	-	-	12,168,358
Direct credit facilities	249,078,103	38,970,769	55,250,345	28,196,236	115,276,819	297,755,783	9,886,503	14,673,834	14,673,834	14,673,834	14,673,834	14,673,834	14,673,834	14,673,834	14,673,834	794,414,558
Financial Assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,673,834	14,673,834
Financial Assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,400,417	5,400,417
Financial Assets at amortized Cost	23,135,935	-	44,608,156	151,780,787	193,182,422	142,213,660	-	-	-	-	-	-	-	-	-	554,920,960
Pledged Financial Assets	-	-	12,494,273	12,500,000	-	12,479,605	-	-	-	-	-	-	-	-	-	37,473,878
Property and equipment (Net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,173,329	27,173,329
Intangible assets(Net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,424,953	9,424,953
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,643,911	7,643,911
Other assets	5,709,449	3,571,188	5,961,655	4,886,567	4,570,591	4,995,787	95,601,209	125,296,446	567,377,828	2,061,689,519	567,377,828	2,061,689,519	567,377,828	2,061,689,519	567,377,828	2,061,689,519
Total Assets	291,672,790	104,317,857	130,482,787	197,363,590	313,029,832	457,444,835	567,377,828	2,061,689,519	567,377,828	2,061,689,519	567,377,828	2,061,689,519	567,377,828	2,061,689,519	567,377,828	2,061,689,519
Liabilities-																
Banks and financial institution deposits	25,728,437	17,000,000	21,270,000	-	1,000,000	-	-	-	-	-	-	-	-	-	103,921,900	168,920,337
Customers' deposits	163,067,934	202,606,510	178,653,957	244,627,401	40,751,536	1,310,000	403,122,065	1,234,139,403	403,122,065	1,234,139,403	403,122,065	1,234,139,403	403,122,065	1,234,139,403	403,122,065	1,234,139,403
Cash Margin accounts	45,159,753	5,976,227	10,620,662	6,768,592	20,854,284	53,683,974	-	-	-	-	-	-	-	-	-	143,063,492
Loans and borrowings	39,865,669	8,707,732	18,890,245	25,401,039	412,188	1,500,000	-	-	-	-	-	-	-	-	-	94,776,873
Subordinated loans	-	-	-	-	-	17,725,000	-	-	-	-	-	-	-	-	-	17,725,000
Secondary loans (convertible to shares)	-	-	-	9,800,890	-	-	-	-	-	-	-	-	-	-	-	9,800,890
Sundry provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	125,000	125,000
Income tax positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,786,692	12,786,692
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	343,638	343,638
Other Liabilities	4,148,164	1,269,468	1,266,400	1,833,624	262,431	9,749	26,337,231	35,127,067	26,337,231	35,127,067	26,337,231	35,127,067	26,337,231	35,127,067	26,337,231	35,127,067
Total Liabilities	277,969,957	235,559,937	230,701,264	288,431,546	63,280,439	74,228,723	546,636,526	1,716,808,392	546,636,526	1,716,808,392	546,636,526	1,716,808,392	546,636,526	1,716,808,392	546,636,526	1,716,808,392
Interest rate sensitivity gap	13,702,833	(131,242,080)	(100,218,477)	(91,067,956)	249,749,393	383,216,112	20,741,302	344,881,127	20,741,302	344,881,127	20,741,302	344,881,127	20,741,302	344,881,127	20,741,302	344,881,127
31 December 2013																
Total Assets	266,534,876	63,223,028	108,547,933	232,681,722	360,795,097	409,494,342	445,300,484	1,886,577,482	445,300,484	1,886,577,482	445,300,484	1,886,577,482	445,300,484	1,886,577,482	445,300,484	1,886,577,482
Total Liabilities	465,724,401	230,566,203	193,891,419	291,774,814	66,175,213	18,653,738	295,500,336	1,562,286,124	18,653,738	295,500,336	18,653,738	295,500,336	18,653,738	295,500,336	18,653,738	295,500,336
Interest rate sensitivity gap	(199,189,525)	(167,343,175)	(85,343,486)	(59,093,092)	294,619,884	390,840,604	149,800,148	324,291,358	294,619,884	390,840,604	390,840,604	149,800,148	294,619,884	390,840,604	149,800,148	324,291,358

Concentration in Foreign currency risk:

2014	US Dollar	Euro	Pound sterling	Japanese Yen	Other	Total
Assets						
Cash and balances at Central Bank of Jordan	26,335,940	2,030,402	297,243	-	234,134,468	262,798,053
Balances at banks and financial institutions	85,347,021	18,874,277	7,761,730	682,609	34,413,393	147,079,030
Deposits at banks and financial institutions	12,168,358	-	-	-	-	12,168,358
Financial assets at fair value through profit or loss	-	-	-	-	11,327,584	11,327,584
Financial assets at fair value through other comprehensive income	441,985	-	-	-	1,693,942	2,135,927
Financial assets at amortized cost	40,704,165	-	-	-	-	40,704,165
Direct credit facilities	132,188,828	534,225	840,061	-	97,542,099	231,105,213
Property and equipment (Net)	-	-	-	-	8,543,566	8,543,566
Intangible assets (Net)	-	-	-	-	2,004,087	2,004,087
Other assets	12,018,711	9,328	4,761	-	12,037,854	24,070,654
Total Assets	309,205,008	21,448,232	8,903,795	682,609	401,696,993	741,936,637
Liabilities						
Banks and financial institution deposits	69,613,456	8,011,642	8,193	-	36,800,937	114,434,228
Customers' deposits	255,593,594	20,154,494	5,826,873	666,061	135,784,081	418,025,103
Margin accounts	42,279,520	4,199,439	2,258	10,794	31,891,902	78,383,913
Loans and borrowings	9,928,078	-	-	-	-	9,928,078
Subordinated loans	17,725,000	-	-	-	-	17,725,000
Secondary loans (convertible to shares)	9,800,890	-	-	-	-	9,800,890
Income tax provision	-	-	-	-	2,741,578	2,741,578
Other liabilities	15,045,261	7,903	3,787	136	4,792,772	19,849,859
Total Liabilities	419,985,799	32,373,478	5,841,111	676,991	212,011,270	670,888,649
Net concentration in the statement of financial position	(110,780,791)	(10,925,246)	3,062,684	5,618	189,685,723	71,047,988
Forward contracts	3,112,863	-	(4,571)	-	-	3,108,292
Net concentration in foreign currency	(107,667,928)	(10,925,246)	3,058,113	5,618	189,685,723	74,156,280
2013	US Dollar	Euro	Pound sterling	Japanese Yen	Other	Total
Total Assets	243,060,816	20,424,157	7,856,598	458,203	368,046,821	639,846,595
Total Liabilities	325,342,979	24,386,168	11,668,152	443,350	211,061,548	572,902,197
Net concentration in the statement of financial position	(82,282,163)	(3,962,011)	(3,811,554)	14,853	156,985,273	66,944,398
Forward contracts	(2,277,950)	-	2,320,592	-	-	42,642
Net concentration in foreign currency	(84,560,113)	(3,962,011)	(1,490,962)	14,853	156,985,273	66,987,040

Liquidity Risk

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

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

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

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

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

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

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

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

- 1. Analysis and monitoring of assets and liabilities maturity dates:** the Bank examines the liquidity of its assets and liabilities as well as any changes that may occur on a daily basis. Through the Asset and Liability Committee, the Bank seeks to achieve a balance between the maturity dates of the assets and liabilities, and monitors the gaps in relation to those specified by the policies of the Bank.

- 2. Liquidity Contingency Plan:** Assets and Liabilities Risk Management Committee submits its recommendations regarding the liquidity risk management and its procedures and sets necessary orders to apply the effective monitoring controls and issues reports regarding liquidity risk and the ability to adhere to the policies and controls. In addition to providing analytical resources to top management including monitoring all the technical updates related to the measurements and liquidity risk and its application.
- 3. Geographical and sectoral distribution:** the assets and liabilities of the Bank are distributed regularly into local and foreign investments depending on more than one money and capital market. The facilities are also distributed among several sectors and geographical regions while maintaining a balance between providing retail and corporate credit. Furthermore, the Bank seeks to diversify the sources of funding and their maturity dates.
- 4. Cash reserves at the banking monitoring authorities:** The Bank maintains a statutory cash reserve at the banking monitoring authorities amounting to JD 97,586,536 million.

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

31 December 2014	Less than 1 month		1 – 3 months		3 – 6 months		6 – 12 months		1 – 3 years		3 years or more		No fixed maturity		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities-																
Banks and financial institution deposits	129,682,471	17,063,699	21,429,398	-	1,044,964	-	-	-	-	-	-	-	-	-	-	169,220,532
Customers' deposits	566,901,469	204,786,016	182,497,638	255,153,557	46,012,071	1,591,842	-	-	-	-	-	-	-	-	-	1,256,942,593
Margin accounts	45,206,837	5,994,920	10,687,101	6,853,276	21,637,029	57,042,267	-	-	-	-	-	-	-	-	-	147,421,430
Loans and borrowings	39,991,894	8,790,445	19,249,115	26,366,158	459,171	1,784,955	-	-	-	-	-	-	-	-	-	96,641,748
Subordinated loans	-	-	-	-	-	23,884,438	-	-	-	-	-	-	-	-	-	23,884,438
Secondary loans (convertible to shares)	-	-	1,604,171	1,632,786	6,988,990	410,680	-	-	-	-	-	-	-	-	-	10,636,627
Sundry provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	125,000
Income tax liabilities	-	12,786,692	-	-	-	-	-	-	-	-	-	-	-	-	-	12,786,692
Deferred tax liabilities	-	343,638	-	-	-	-	-	-	-	-	-	-	-	-	-	343,638
Other Liabilities	15,480,451	16,477,047	1,290,308	1,902,857	292,157	11,589	-	-	-	-	-	-	-	-	-	35,454,409
Total Liabilities	797,263,122	266,242,457	236,757,731	291,908,634	76,434,382	84,725,781	125,000	-	-	-	-	-	-	-	-	1,753,457,107
Total Assets	305,062,859	105,847,180	135,352,373	208,092,269	320,382,948	488,138,779	498,813,111	2,061,689,519	-	-	-	-	-	-	-	-
31 December 2013																
Liabilities-																
Banks and financial institution deposits	14,973,961	67,082,067	-	21,630,534	-	-	-	-	-	-	-	-	-	-	-	103,686,562
Customers' deposits	389,588,701	181,224,292	202,965,806	272,896,266	132,397,769	-	-	-	-	-	-	-	-	-	-	1,179,072,834
Margin accounts	62,292,422	15,706,115	7,746,012	7,636,567	12,279,944	286,684	-	-	-	-	-	-	-	-	-	105,947,744
Loans and borrowings	109,762,285	2,779,755	14,221,458	8,099,619	14,708,098	703,432	-	-	-	-	-	-	-	-	-	150,274,647
Secondary loans (convertible to shares)	-	-	-	-	6,449,243	8,638,886	-	-	-	-	-	-	-	-	-	15,088,129
Income tax liabilities	-	11,387,527	-	-	-	-	-	-	-	-	-	-	-	-	-	11,387,527
Deferred tax liabilities	-	229,673	-	-	-	-	-	-	-	-	-	-	-	-	-	229,673
Other Liabilities	13,451,407	7,192,080	1,421,064	2,109,235	342,433	21,797,106	-	-	-	-	-	-	-	-	-	46,313,325
Total Liabilities	590,068,776	285,601,509	226,354,340	312,372,221	166,177,487	31,426,108	-	-	-	-	-	-	-	-	-	1,612,000,441
Total Assets	169,492,509	64,485,203	109,127,287	239,540,640	360,795,097	409,494,341	533,642,405	1,886,577,482	-	-	-	-	-	-	-	-

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

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

Foreign Currency Derivatives

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

Derivatives held for trading:

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

2013	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Total
	JD	JD	JD	JD	JD

Derivatives held for trading:

Outflows	2,320,592	-	-	-	2,320,592
Inflows	2,277,950	-	-	-	2,277,950

Off-balance sheet

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

2013	Less than 1 year	1 – 5 years	Total
	JD	JD	JD
Acceptances and Letters of Credit	21,279,660	90,490,788	111,770,448
Irrevocable commitments to extend credit	-	31,319,707	31,319,707
Letters of guarantee	140,101,219	-	140,101,219
Foreign Currency Forward Deals	2,277,950	-	2,277,950
Total	163,658,829	121,810,495	285,469,324

Operational risk:

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

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

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

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

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

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

(47) Segment Information

1. Information about bank Activities:

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

Retail banking: Includes handling individual customers’ deposits, credit facilities, credit card, and other services.

Corporate banking: Includes monitoring deposits, credit facilities, and other banking facilities provided to corporate customers.

Corporate finance: Principally arranging structured financing, and providing services relating to privatizations, IPOs, and mergers and acquisitions.

Treasury: Principally providing money market, trading and treasury services, as well as the management of the Bank’s funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and wholesale banking.

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

						Total	
	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	2014	2013
	JD	JD	JD	JD	JD	JD	JD
Total revenue	25,615,222	48,009,506	-	50,506,324	25,329,837	149,460,889	138,219,111
Allowance for credit losses	(3,340,485)	(4,342,445)	-	-	-	(7,682,930)	(919,020)
Segment result	227,406	13,220,747	-	45,045,509	25,329,838	83,823,500	78,069,190
Unallocated expenses						(33,716,940)	(29,337,483)
Profit before tax						50,106,560	48,731,707
Income tax						(13,791,784)	(11,695,417)
Net profit						36,314,776	37,036,290
Other information							
Segmental assets	231,201,057	563,213,501	-	1,097,736,322	169,538,639	2,061,689,519	1,886,577,482
Segmental liabilities	669,963,074	707,239,821	-	291,223,100	48,382,397	1,716,808,392	1,562,286,124
Capital expenditure						(7,775,991)	(3,548,790)
Depreciation and amortization						(3,606,383)	(3,578,093)

2. Geographical Information

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

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

	In Jordan		Outside Jordan		Total	
	2014	2013	2014	2013	2014	2013
	JD	JD	JD	JD	JD	JD
Total revenue	147,587,273	127,718,153	1,873,616	9,240,668	149,460,889	136,958,821
Total assets	1,592,737,222	1,430,539,500	468,952,297	456,037,982	2,061,689,519	1,886,577,482
Capital expenditure	2,947,446	769,753	4,828,545	2,779,037	7,775,991	3,548,790

(47) Capital Management

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

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

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

The Bank manages and restructures its capital in light of the changes in the business environment. There has been no change on the Bank's capital structure during 2014 and 2013.

Description of paid in capital

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

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

Regulatory Requirements for paid in capital

Capital adequacy ratio was calculated in accordance with Basel II accord based on the standardized approach:

	2014	2013
	JD	JD
Primary capital-		
Paid in capital	181,500,000	165,000,000
Statutory reserves	28,458,986	23,049,227
Optional reserves	9,690	9,690
Share premium	709,472	709,472
Retained earning	26,629,859	30,305,754
Proposed issue of shares	18,500,000	16,500,000
Less-		
Intangible assets	5,354,801	4,294,850
Deferred tax assets	7,643,911	7,152,430
Goodwill	4,070,152	4,011,542
50% of investments in banks and other financial companies capital	499,061	523,295
Assets seized by the bank for more than 4 years	402,963	132,963
Total Primary capital	237,837,119	219,459,063
Supplementary Capital		
Foreign Currency translation reserve	5,647,798	4,076,324
General banking risk reserve	8,999,012	7,559,006
Fair value reserve	(1,156,006)	(1,462,896)
Subordinated loan	20,561,001	5,041,779
Less: 50% of Investments in banks and other financial institutions capital	499,061	523,295
Total Supplementary Capital	33,552,744	14,690,918
Total Regulatory Capital	271,389,863	234,149,981
Total Risk Reserve	1,443,441,319	1,251,431,994
Capital adequacy (%)	18.80%	18.71%
Primary Capital (%)	16.38%	17.54%

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

Capital adequacy ratio at 31 December 2014 and 2013 was calculated in accordance with Basel II.

(48) Fiduciary Accounts

Investment custody accounts amounted JD 11,486,600 as of 31 December 2014 compared to JD 4,230,590 in 31 December 2013.

In the normal course of business, the Bank performs investment management services for its clients. Investments and other assets held by the Bank (Horizon fund) in a fiduciary capacity amounting to JD 2,273,695 as of 31 December 2014 are segregated from the Bank's assets and are not included in the financial statements.

(49) Maturity analysis of assets and liabilities

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

2014	Up to 1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Cash and balances at CBJ	325,118,703	-	325,118,703
Balances at banks and financial institutions	129,318,721	18,661,451	147,980,172
Deposits at banks and financial institutions	12,168,358	-	12,168,358
Direct credit facilities	343,334,897	451,079,661	794,414,558
Financial assets at fair value through profit or loss	14,673,834	-	14,673,834
Financial assets at fair value through other comprehensive income	5,400,417	-	5,400,417
Financial assets at amortized cost	219,524,879	335,396,081	554,920,960
Pledged assets	24,994,272	12,479,606	37,473,878
Property and equipment (Net)	-	27,173,329	27,173,329
Intangible assets (Net)	-	9,424,953	9,424,953
Deferred tax assets	7,643,911	-	7,643,911
Other assets	24,333,300	100,963,146	125,296,446
Total Assets	1,106,511,292	955,178,227	2,061,689,519
Liabilities			
Banks and financial institution deposits	167,920,337	1,000,000	168,920,337
Customers' deposits	824,302,469	409,836,934	1,234,139,403
Margin accounts	68,525,235	74,538,257	143,063,492
Loans and borrowings	92,864,685	1,912,188	94,776,873
Subordinated loans	-	17,725,000	17,725,000
Secondary loans (convertible to shares)	3,151,111	6,649,779	9,800,890
Sundry provisions	-	125,000	125,000
Income tax provision	12,786,692	-	12,786,692
Deferred tax liabilities	343,638	-	343,638
Other liabilities	34,854,887	272,180	35,127,067
Total Liabilities	1,204,749,054	512,059,338	1,716,808,392
Net	(98,237,762)	443,118,889	344,881,127

2013	Within1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Banks	281,526,628	-	281,526,628
Balances at banks and financial institutions	124,483,286	-	124,483,286
Deposits at banks and financial institutions	6,160,000	-	6,160,000
Direct credit facilities	302,905,007	373,461,315	676,366,322
Financial assets at fair value through profit or loss	10,704,964	-	10,704,964
Financial assets at fair value through other comprehensive income	4,522,021	-	4,522,021
Financial assets at amortized cost	229,977,841	275,002,503	504,980,344
Pledged assets	7,000,000	102,165,043	109,165,043
Property and equipment (Net)	24,198,102	-	24,198,102
Intangible assets (Net)	8,306,391	-	8,306,391
Deferred tax assets	7,152,430	-	7,152,430
Other assets	109,351,373	19,660,578	129,011,951
Total Assets	1,116,288,043	770,289,439	1,886,577,482
Liabilities			
Banks and financial institution deposits	103,021,840	-	103,021,840
Customers' deposits	1,099,135,286	41,213,717	1,140,349,003
Margin accounts	93,018,689	11,922,908	104,941,597
Loans and borrowings	133,789,243	13,577,063	147,366,306
Secondary loans (convertible to shares)	-	12,952,001	12,952,001
Income tax provision	11,387,527	-	11,387,527
Deferred tax liabilities	229,673	-	229,673
Other liabilities	23,922,913	18,115,264	42,038,177
Total Liabilities	1,464,505,171	97,780,953	1,562,286,124
Net Assets	(348,217,128)	672,508,486	324,291,358

(50) Contingent Liabilities and Commitments

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

	2014	2013
	JD	JD
Letters of credit	96,850,663	90,490,788
Acceptances	45,943,431	21,279,660
Letters of guarantee		
Payments	33,015,870	34,010,454
Performance	75,471,781	51,209,229
Other	45,544,616	54,881,536
Foreign currency forward	3,398,282	2,277,950
Irrevocable commitments to extend credit	36,987,515	31,319,707
Total	337,212,158	285,469,324

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

	2014	2013
	JD	JD
Intangible assets contracts	1,154,425	238,831
Fixed assets contracts	943,635	132,335
Construction contracts	196,560	355,547
	2,294,620	726,713

Annual rent of the Bank's main building and branches amounted to JD 958,754 as 31 December 2014 (2013: JD 937,207).

(51) Lawsuits against the Bank

The lawsuits raised against the Bank, as part of the ordinary course of business, amounted to JD 14,188,066 as of 31 of December 2014. According to the Bank's management and legal counselor, the Bank will not be liable in any of these cases except for one lawsuit raised by a customer against the bank and its expected loss is JD 125 thousand, noting that full provision was taken against this lawsuit.

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

The lawsuits raised against Capital Investment and Brokerage Company Ltd/Jordan, as part of the ordinary course of business, amounted to JD 355,840 as of 31 of December 2014. According to the Bank's management, the Bank will not be liable in any of these cases.

The lawsuits raised against National Bank of Iraq, as part of the ordinary course of business, amounted to IQD 1,700 million (JD 1,062,500) as of 31 of December 2014. According to the Bank's management and legal counselor, the Bank will not be liable in any of these cases.

(52) New And Amended International Financial Reporting Standards Standards issued but not yet effective

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2017, and early adoption is permitted.

IFRS 9 Financial Instruments

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

Amendments issued but not yet effective

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

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

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

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

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

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

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

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

Investment entities (Amendments to IFRS 10 and IAS 28)

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

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

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

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

(53) Comparative Figures:

Some of 2013 balances were reclassified to correspond with those of 2014 presentation.









Striving for High Achievements

Capital Bank is the only bank to have a presence in Iraq through a strategic relationship with the National Bank of Iraq to facilitate the operations of Jordanian exporters and expand their investments. This partnership has enabled us to provide integrated banking services in Jordan and Iraq on the one hand and at the local, regional and international levels on the other.



Disclosures Required by Jordan Securities Commission

A. Message from the Chairman

See beginning of report.

B. Board of Directors' Report

See beginning of report.

1 Description of the Bank's Main Activities

Capital Bank provides all types of banking and financial services and products to all economic sectors in Jordan through its branches in the Hashemite Kingdom of Jordan. It also offers investment and brokerage services through its subsidiary company, Capital Investments, which is wholly owned by the Bank with a paid up capital of JD10 million. The Bank also owns 61.85% of the National Bank of Iraq (NBI) with a paid up capital of IQD250 billion. Through this investment, the Bank provides all facilities and services to customers wishing to invest in the promising Iraqi market.

Geographical Locations and Number of Employees in Branches

Capital Bank and Capital Investments (subsidiary) employ 557 employees distributed at the following geographical locations.

Location	City	Number of employees
Head office	Amman	409
Capital Investments	Amman	37
Main branch	Amman	19
Capital Select Branch	Amman	9
Madina Branch	Amman	12
Sweifieh Branch	Amman	8
Dabuq Branch	Amman	9
Majdi Mall Branch	Amman	7
Wehdat Branch	Amman	9
Gardens Branch	Amman	11
Free Zone/Zarqa Branch	Zarqa - Free Zone	9
New Zarqa Branch	New Zarqa	6
Irbid Branch	Irbid	5
Aqaba Branch	Aqaba	7

* The Bank does not have any branches outside Jordan.

Volume of the Bank's Capital Investments

The volume of the Bank's capital investments amounts to JD36,598,282 which represents the net book value of properties, equipment, and intangible assets as at the end of 2014.

2 Subsidiary Companies

- Capital Investments
- National Bank of Iraq
- Bahrain Investment Fund (not yet operational)
- Capital Bank Corporate Advisory (DIFC) Ltd.

Subsidiary Name	Capital Investments	NBI	Bahrain Investment Fund	Capital Bank Corporate Advisory (DIFC) Ltd
Company Type	Limited Liability	Public shareholding	Bahraini shareholding company (closed)	Fourth category advisory limited liability company
Main Activity	Investment and Brokerage Company	Banking	Establishing investment funds	Financial advisory company
Paid up Capital	JD10,000,000	IQD250 billion	BHD1000	USD250,000
Address	Amman - Shmeisani	Iraq	Bahrain	UAE
Other Information			not yet operational	not yet operational

3 Board of Directors Biographies

Bassem Khalil Al-Salem

Position:	Chairman
Date of Birth:	19/06/1956
Date of Membership:	20/04/2010
Academic Background:	Bachelor's Degree with Honors in Chemical Engineering, Imperial College London, UK, 1978.
Professional Experience:	Long experience in the public sector, former member of the Jordanian Senate, held the positions of Minister of Finance in 2009, Minister of Labor between 2005-2009, Chairman of the Social Security Corporation between 2005-2009, and Founder and Chairman of several private sector companies.

Mazen Samih Talib Darwazah

Position:	Vice Chairman
Date of Birth:	05/06/1958
Date of Membership:	23/03/2011
Academic Background:	Advanced Management Program (AMP), INSEAD, France; Higher Diploma in Marketing, University of Boston, Bachelor's Degree in Business Administration, University of Beirut.
Professional Experience:	Member of the Jordanian Senate, Vice Chairman and CEO of Hikma Pharmaceuticals - MENA, Chairman and CEO of Hikma Pharmaceuticals Limited – Jordan, Chairman of Trust Pharma Limited, Pharma Ixir Co. Ltd, Business Development Center (Jordan), and Jordan International Insurance Company, Member of the Advisory Board of the Lebanese American University (L.A.U) Lebanon; International Organization for Migration – IOM Geneva- Switzerland, Board member of Yarmouk University (Jordan).

Kim Fouad Saad Abu Jaber

Position:	Member of the Board of Directors
Date of Birth:	27/09/1956
Date of Membership:	31/08/2009
Academic Background:	Bachelor's Degree in Business Administration, University of Arizona/Towson, 1980.

Professional Experience: Businessman, Founder and Shareholder in several companies, including:

- Jordan International Insurance Company
- Jordan International Investment Group
- International Silica Industries
- Travertine Company
- Fuad Abu Jaber and Sons
- Saad Abu Jaber and Sons
- Solid Steel and Iron Manufacturing and Forming Co.
- Developed Agricultural Marketing Company

Omar Muhamed Ibrahim Shahrour

Position: Member of the Board of Directors – Representative of the Investments and Integrated Industries Company

Date of Birth: 17/04/1967

Date of Membership: 31/08/2009

Academic Background: Bachelor's Degree in Accounting from the University of Jordan; MBA in Finance from Wayne State University in Detroit, Michigan, 1991; Certified Public Accounting (CPA) certification from Colorado, USA.

Professional Experience: Chief Financial Officer (CFO) at Nuqul Group since 10/2005; Worked as an Accountant at O.M. Haddad & Co in the USA; Internal Auditor at Edgo from 1992 to 1996 and Financial Controller until 1997; Financial Controller at Coca-Cola Jordan from 1997 to 2001 and Finance Manager until 2005.

Issam Abdullah Yousef Al-Khatib

Position: Member of the Board of Directors – Representative of the Social Security Corporation

Date of Birth: 28/04/1965

Date of Membership: 31/08/2009

Academic Background: Bachelor's Degree in Accounting and Business Administration from the University of Jordan, 1995; MA in Finance from the University of Jordan; CPM (Certified Project Manager).

Professional Experience: Head of the Treasury and Loans Department at the Social Security Investment Fund, Head of the Loans Department at the Social Security Investment Fund from 10/2006-6/2009, Head of Regulation and Banking Systems at InvestBank from 9/2005-10/2006, Head of the Corporate Credit Department at the Islamic Arab Bank from 2001 -8/2005, Credit Manager/Jordan Branches Facilities Department and Financial and Credit Analyst/Finance and Investment Department at Arab Bank; Member of the Board of Directors of the Jordan Projects for Tourism Development Company (Tala Bay).

Khalil Hatem Khalil Al-Salem

Position: Member of the Board of Directors – Representative of Al-Khalil Investments.

Date of Birth: 28/12/1982

Date of Membership: 31/08/2009

Academic Background: Bachelor's Degree in Economics from Columbia University, 2004.

Professional Experience: Financial Analyst at J.P. Morgan in New York; Financial Analyst and Director of Business Development at Capital Investments; currently holds the position of General Secretary at the Jordan Football Association.

Sultan Mohammad M. El Seif

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

Date of Birth: 03/03/1985

Date of Membership: 31/08/2009

Academic Background: Bachelor's Degree in Finance, Roger Williams University, Bristol, RI, 2007.

Professional Experience: Member of the Board of Directors at several companies, Deputy Director General at the Saudi Company for Medical Care.

“Mohammad Ali” Khaldoun Al -Husry

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

Date of Birth: 20/04/1957

Date of Membership: 31/08/2009

Academic Background: Bachelor's Degree in Mechanical Engineering, University of Southern California, 1980; MBA from INSEAD, France, 1988.

Professional Experience: Member of the Board of Directors of Hikma Pharmaceuticals/London; Chairman of the Board of Directors of Capital Bank 1995 -2007.

Mazen Ahmad M. Al-Jubeir

Position: Member of the Board of Directors

Date of Birth: 19/09/1976

Date of Membership: 26/07/2010

Academic Background: Bachelor's Degree with honors in Economics, Harvard University, 1998; Master's Degree with honors, Harvard Business School, 2003.

Professional Experience: Deputy CEO at Amwal Al-Khaleej Company; Board Member of several companies in Saudi Arabia; worked as a consultant at McKinsey & Co. in Washington.

Jawad Abdel Reda Abdel Baqi Al-Qassab

Position: Member of the Board of Directors

Date of Birth: 01/01/1944

Date of Membership: 16/12/2010

Academic Background: Bachelor's Degree in Civil Engineering, Cairo University, 1972.

Professional Experience: Businessman and founder of several companies; Chairman of the Board of Directors and CEO of several companies, including United Saudi Jordanian Hotel & Tourism, Ayla Hotels and Tourism.

“Mohammed Said” Mohammed Ibrahim Shahin

Position: Member of the Board of Directors

Date of Birth: 02/07/1948

Date of Membership: 17/03/2013

Academic Background: Master's Degree in Economic Development, Harvard University, 1978; Bachelor's Degree in Economics, American University of Cairo, 1973.

Professional Experience: Held several positions including Governor of the Central Bank of Jordan 2011-2012, General Manager and Vice Chairman of the Jordan Deposit Insurance Corporation; former member of several companies and institutions; former chairman of several boards including the Board of Directors of Jordan International Bank/London; founder of the International Association of Deposit Insurers in Basel, Switzerland; a current member of the Executive Privatization Commission; Vice Chairman of the Board of Jordan Military Credit Fund.

- Meetings of the Board of Directors and its Committees in 2014:

Meetings	Number of Meetings
Board of Directors	8
Audit and Compliance Committee	20
Risk Management Committee	7
Nominations and Remuneration Committee	2
Corporate Governance Committee	1
Executive Committee	21
Information Systems Committee	New

B. Capital Bank Executive Management

Members of the Senior Management

Haytham Yousef Abdulmonem Kamhiyah

Position: General Manager

Date of Appointment: 01/04/1996

Date of Birth: 01/08/1969

Academic Background: Advanced Management Program (AMP)-Diploma, INSEAD – France; Bachelor's Degree in Accounting from the University of Jordan, 1992; CPA; CMA.

Professional Experience: Has an extensive experience in the field of External Audit with Arthur Andersen; he joined Capital Bank in 1996; his latest position was Assistant General Manager for Finance and Risk, and subsequently became the General Manager in May 2005. He represents the Bank as a board member in the Credit Bureau Company, Vitas Jordan, Jordan Exporters Association, and Jordan International Insurance Company; he is the Vice Chairman of Capital Investments, and a member of board of trustees of INJAZ.

He is the Vice Chairman of Capital Bank Corporate Advisory (DIFC) Ltd.

Ayman Omran Abdullah Abu Dhaim

Position: Chief Financial Officer

Date of Appointment: 06/03/2011

Date of Birth: 16/11/1972

Academic Background: CFM, CMA, CBM, CPA, and JCPA from the United States; Master's Degree in Accounting and Management Science from the United Kingdom, 1995; Bachelor's Degree in Accounting from the University of Jordan.

Professional Experience: Extensive experience in auditing. He worked at PwC. He also worked in the field of credit at the Arab Bank, the Islamic International Arab Bank, the Arab Banking Corporation, and the Saudi Arabian Monetary Agency. The last position held was Head of the Financial Control Department at the Social Security Investment Fund.

Vice Chairman of the National Bank of Iraq; CEO of Capital Bank Corporate Advisory (DIFC) Ltd.; member of the Management Committee of Capital Investments.

Yasser Ibrahim Muhammad Kleib

Position: Chief Business Officer

Date of Appointment: 16/06/2004

Date of Birth: 27/10/1974

Academic Background: Bachelor's Degree in Business Administration, Yarmouk University, 1996; Certified Lender Business Banker (CLBB).

Professional Experience: Worked at the Arab Bank for eight years in various departments with a focus on banking facilities. He joined Capital Bank in 2004. He started at the Banking Facilities Department until he became Chief Business Officer on 09/09/2012.

Rafat Abdullah Ismail Khalil

Position: Chief Support Officer

Date of Appointment: 04/10/2007

Date of Birth: 10/12/1964

Academic Background: Bachelor's Degree in Accounting, Yarmouk University, 1986. CBA, CICA.

Professional Experience: Worked for seven years at the Central Bank of Jordan, for four years at the Commercial Bank of Oman, and for seven years at the Oman Arab Bank before joining Capital Bank in 2007 as Chief Audit Executive. In 9/2013, he was appointed as Chief Support Officer.

Muhammad Hafez Abdel Kareem Muaz

Position: Head of the Legal Department/Legal Counsel

Date of Appointment: 06/02/2003

Date of Birth: 27/10/1969

Academic Background: Master's Degree in Commercial Law from the UK, 1995; Postgraduate Diploma in International Law from the UK; Bachelor's Degree in Law, University of Jordan, 1993.

Professional Experience: Worked at Dajani and Associates Law Firm for five years before joining the Arab Bank as a lawyer in the Legal Department/International Division for two years. Member of the Jordanian Bar Association since 1997. Member of the International Bar Association since 1998.

Ali Muhammad Daoud Abu Swai

Position: Head of Treasury and Investments

Date of Appointment: 09/08/1997

Date of Birth: 02/02/1966

Academic Background: Master's Degree in Finance and Banking, 2006. Bachelor's Degree in Finance and Banking 2003.

Professional Experience: Worked at Amman Investment Bank for five years moving between all branches and departments. He also has a long and varied banking experience in branches, operations, financial markets, financial institutions, treasury and investment. President of ACI Jordan and Jordan's representative to ICA.

Rania "Muhammad Said" Dwaikat

Position: Head of the Compliance Department

Date of Appointment: 21/04/2002

Date of Birth: 07/02/1970

Academic Background: Bachelor's Degree in Economics and Statistics and minor in Business Administration, University of Jordan, 1991. Diploma in Regulation, Compliance, Anti-Money Laundering and Counter Terrorist Financing from the University of Reading, UK, CLBB from the American Bankers Association, Certificate in Anti-Money Laundering and Compliance, University of Reading, UK.

Professional Experience: Long banking experience.

Rayd Khalil Abdulhamid Abu Ayyash

Position: Head of the Strategic Planning and Corporate Communications Department

Date of Appointment: 18/01/2011

Date of Birth: 17/07/1979

Academic Background: Bachelor's Degree in Economics from Harvard University; MA from the London School of Economics.

Professional Experience: Strategy consultant at McKinsey & Company for banking and public sector clients; Financial Consultant with Arup; extensive experience in developing risk control systems at HSH Nord Bank, Germany; advisor to the Jordanian government through USAID.

Member of the Management Committee of Capital Investments.

Nabil Nicola Najib Al-Awa

Position: Head of the Credit Review Department

Date of Appointment: 12/5/2008

Date of Birth: 28/7/1963

Academic Background: Bachelor's Degree majoring in Business Administration and minoring in Economics from the University of Jordan.

Professional Experience: Extensive banking and credit facilities experience; 10 years as Head of Facilities; two years as Head of the Credit Review Department at Jordan Ahli Bank.

Bassam Diab Ahmad Al-Bitar

Position: Head of the Central Operations Department

Date of Appointment: 03/05/2009

Date of Birth: 20/09/1969

Academic Background: Bachelor's Degree in Public Administration and Political Science from Yarmouk University, 1992.

Professional Experience: Long experience in local and international banking operations.

Derar As'ad Ahmed Abdulkhaliq

Position: Head of the Branches and Direct Sales Department

Date of Appointment: 09/08/1997 - 31/12/2014

Date of Birth: 23/10/1967

Academic Background: Bachelor's Degree in English Language from the University of Jordan.

Professional Experience: Long experience in banking; worked at Amman Investment Bank for five years; joined Capital Bank as Head of the Deposits Department and Head of the Local Department consecutively.

Nedal Tawfeeq Ali Ali

Position: Internal Audit Director

Date of Appointment: 16/03/2008

Date of Birth: 09/10/1972

Academic Background: MBA in Finance and Banking, 2006; Bachelor's Degree in Accounting, 1995; CRMA, CCSA, CFSA, CIA.

Professional Experience: Worked in internal audit at the Housing Bank for Trade and Finance, Jordan Kuwait Bank and Oman Arab Bank for over 12 years. He joined Capital Bank's Internal Audit Department in 3/2008 and became the Head of Internal Audit on 12/09/2013.

Falah Hasan Khalil Kokash

Position: Head of the Risk Management Department

Date of Appointment: 09/09/2012

Date of Birth: 01/08/1967

Academic Background: Bachelor's Degree in Finance and Banking from Yarmouk University, 1992; MA in Financial Management from the Arab Academy for Banking and Financial Sciences, 2003; FRM, ICBRR, CMA, CFM, and CLBB.

Professional Experience: Bank of Jordan 1992-1995. He worked at the Jordan Ahli Bank as an Assistant Director of the Facilities Department - Basel Manager 1995-2007. Head of Risk Management and Compliance at Invest Bank 2007-2011. Basel Manager at Bank Al Bilad, Saudi Arabia, 2012.

C. Management Committee and Executive Board of Capital Investments (subsidiary company):

Bassem Khalil Salem Al-Salem

Position:	Chairman
Date of Appointment:	01/07/2010
Date of Birth:	19/06/1956
Academic Background:	Bachelor's Degree with Honors in Chemical Engineering, Imperial College London, UK, 1978.
Professional Experience:	Long experience in the public sector, former member of the Jordanian Senate, held the positions of Minister of Finance in 2009, Minister of Labor between 2005-2009, Chairman of the Social Security Corporation between 2005-2009, and Founder and Chairman of several private sector companies.

Haytham Yousef Abdulmonem Kamhiyah

Position:	Vice Chairman of the Management Committee
Date of Appointment:	01/04/1996
Date of Birth:	01/08/1969
Academic Background:	Advanced Management Program (AMP)-Diploma, INSEAD – France. Bachelor's Degree in Accounting from the University of Jordan, 1992. CPA, CMA.
Professional Experience:	Has an extensive experience in the field of External Audit with Arthur Andersen; he joined Capital Bank in 1996; his latest position was Assistant General Manager for Finance and Risk, and subsequently became the General Manager in May 2005. He represents the Bank as a board member in the Credit Bureau Company, Vitas Jordan, Jordan Exporters Association, and Jordan International Insurance Company; he is the Vice Chairman of Capital Investments, and a member of board of trustees of INJAZ. He is the Vice Chairman of Capital Bank Corporate Advisory (DIFC) Ltd.

Omar Muhamed Ibrahim Shahrou

Position:	Member of Management Committee
Date of Birth:	17/04/1967
Date of Membership:	06/05/2012
Academic Background:	Bachelor's Degree in Accounting from the University of Jordan; MBA in Finance from Wayne State University in Detroit, Michigan; Certified Public Accounting (CPA) certification from Colorado, USA.
Professional Experience:	Chief Financial Officer (CFO) at Nuqul Group since 10/2005; Worked as an Accountant at O.M. Haddad & Co. in the USA; Internal Auditor at Edgo from 1992 to 1996 and Financial Controller until 1997; Financial Controller at Coca-Cola Jordan from 1997 to 2001 and Finance Manager until 2005.

Ayman Omran Abdullah Abu Dhaim

Position: Member of Management Committee

Date of Appointment: 02/07/2011

Date of Birth: 16/11/1972

Academic Background: CFM, CMA, CBM, CPA from the United States; Master's Degree in Accounting and Management Science from the United Kingdom, 1995; Bachelor's Degree in Accounting from the University of Jordan.

Professional Experience: Extensive experience in auditing. He worked at PwC. He also worked in the field of credit at the Arab Bank, the Islamic International Arab Bank, the Arab Banking Corporation, and the Saudi Arabian Monetary Agency. The last position held was Head of the Financial Control Department at the Social Security Investment Fund.

Vice Chairman of the National Bank of Iraq; CEO of Capital Bank Corporate Advisory (DIFC) Ltd.

Rayd Khalil Abdulhamid Abu Ayyash

Position: Head of the Strategic Planning and Corporate Communications Department

Date of Appointment: 23/01/2011 – 31/12/2014

Date of Birth: 17/07/1979

Academic Background: Bachelor's Degree in Economics from Harvard University; MA from London School of Economics.

Professional Experience: Strategy consultant at McKinsey & Company advising banking and public sector clients; Financial Consultant with Arup; extensive experience in developing risk control systems at HSH Nord Bank, Germany; advisor to the Jordanian government through USAID.

Member of the Management Committee of Capital Investments.

4 Major shareholders (top five) and the number of shares owned compared to the previous year.

Name	Nationality	Number of Shares as at 31/12/2014	Percentage	Number of Shares as at 31/12/2013	Percentage
Saad Asim Aboud Al-Janabi	Iraqi	18,111,580	9.98%	16,465,073	9.98%
Social Security Corporation	Jordanian	16,828,942	9.27%	15,299,039	9.27%
Said Samih Talib Darwazah	Jordanian	14,071,093	7.75%	12,791,903	7.75%
International Finance Corporation	International	12,556,439	6.92%	11,575,445	7.02%
Investments and Integrated Industries Company	Jordanian	9,141,254	5.04%	8,310,231	5.04%

5 Competitive Position in the Banking Industry

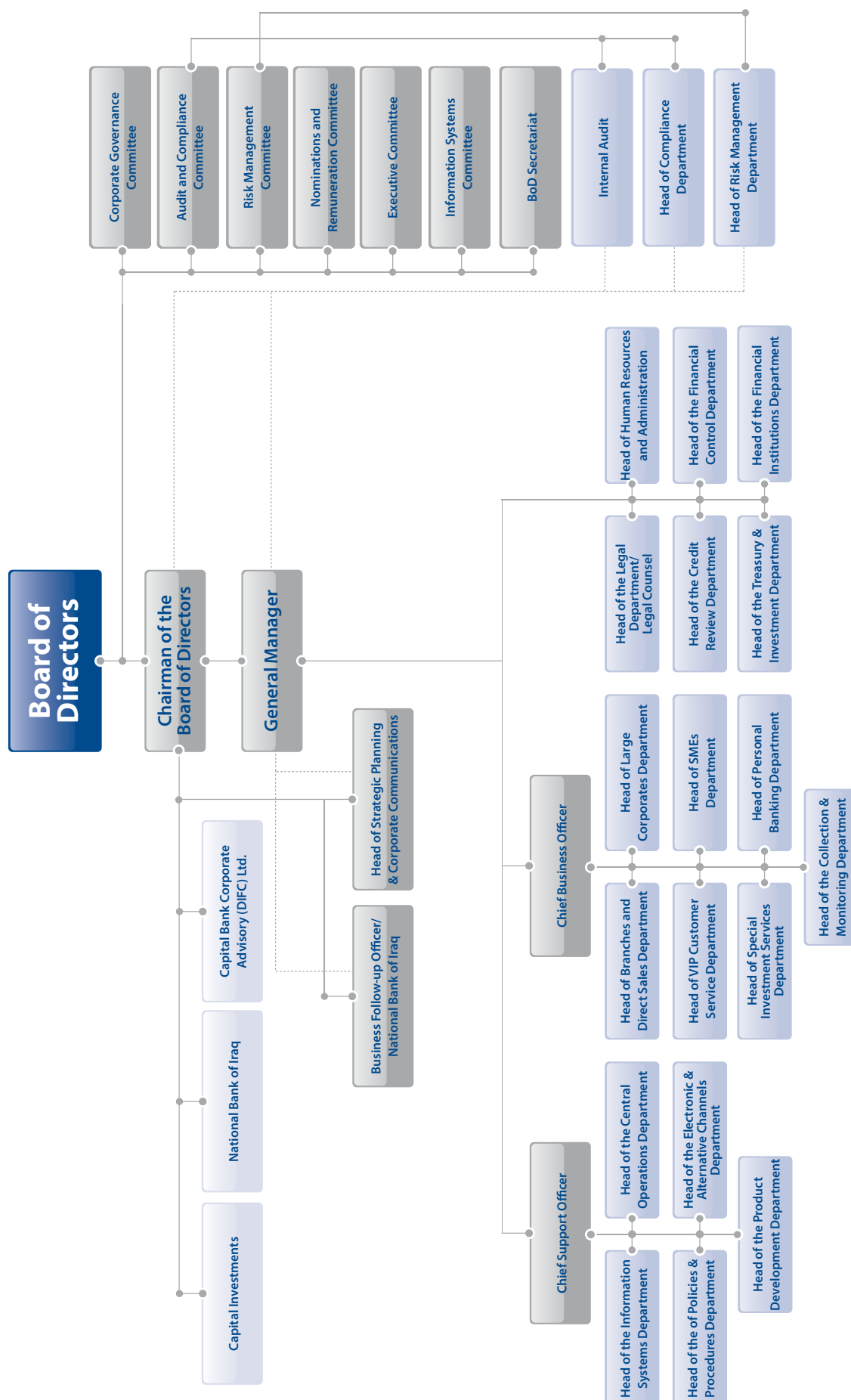
The past few years have seen a growth in Capital Bank's share in the Jordanian banking market, with Capital Bank's share accounting for 3.99% of total banking-sector assets, 3.88% of total credit facilities and 3.60% of total customers' deposits in the banking sector.

There is no dependence on particular suppliers or major customers, whether local or international, providing 10% or more of total purchases and/or sales.

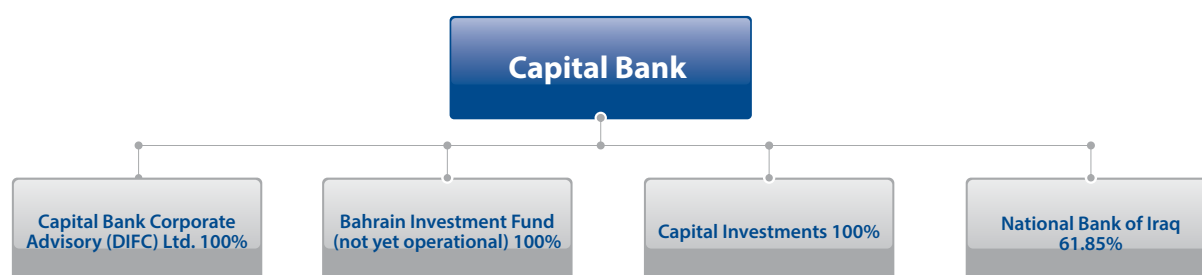
There is no government protection or privileges enjoyed by the Bank or any of its products in accordance with laws and regulations, nor are there any patents or franchise rights gained by the Bank.

There are no decisions by the government, international organizations or others that have a material effect on the Bank's operations, products or competitiveness. International quality standards do not apply to the Bank.

6 A – Organizational Structure of the Bank:



B – Organizational Structure of Subsidiary Companies:



C – Academic Qualifications of Capital Bank and Capital Investments Employees:

Academic Qualification	Number of Capital Bank Employees	Number of Capital Investments Employees
PhD	-	-
CPA	2	-
Master's Degree	35	10
Higher Diploma	1	-
Bachelor's Degree	407	19
Diploma	34	-
Secretarial diploma	2	1
High School	20	1
Less than high school	19	6

D –Training and Qualification Programs for Capital Bank and Capital Investments Employees:

Description Type of Training Course	Capital Bank		Capital Investments	
	Number of Courses	Number of Participants	Number of Courses	Number of Participants
In-house training	8	300	3	6
Training inside Jordan	63	310	4	7
Training outside Jordan	10	14	1	1
Total	81	624	8	14

Training Courses:

Name of Course	Number of Courses	Number of Participants/ Capital Bank	Number of Courses	Number of participants/ Capital Investments (subsidiary)
International courses and conferences	1	1	-	-
Participation in local conferences	11	18	-	-
Orientation Programs	4	54	-	-
English language courses	30	31	4	2
Specialized courses in commercial and transfer services	7	117	-	-
Specialized courses in anti-money laundering	6	191	2	6
Specialized courses in operational risks	1	1	-	-
Time management	-	-	-	-
Specialized courses in marketing and sales	1	1	-	-
Specialized courses in performance evaluation strategies	-	-	-	-
Specialized courses in information technology systems	7	51	-	-
Specialized courses in financial aspects	27	52	2	2
Specialized courses in legal aspects	1	12	-	-
Computer courses (Excel)	2	14	1	1
Specialized certificates	6	6	1	1
Other	14	130	1	3
Total	118	679	11	15

7 Risks

The Bank is exposed to the following risks facing the banking sector:

- Credit risks
- Market risks
- Liquidity risks
- Operational risks
- Compliance risks

8 Achievements in 2014

A detailed description of achievements supported by figures is provided in the Board of Directors' report on the Bank's achievements.

9 Financial Impact of Non-Recurring and Non-Core Operations in 2014:

No non-recurring operations occurred in 2014.

10 Timeline of Realized Profits and Losses, Dividends and Net Shareholders' Equity for the years (2003-2014)

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

11 Analysis of financial position and operating results

Financial ratios	31/12/2014	31/12/2013
Return on average assets	1.84%	2.12%
Return on average equity	10.85 %	13.06%
Earnings per share	0.185	0.194
Equity/assets ratio	16.73%	17.19%
Capital adequacy	18.80%	18.71%
Non-performing loans ratio (net of interest in suspense)	5.78%	6.73%
Provision coverage ratio of non-performing loans net of interest in suspense	77.71%	69.87%
Liquidity ratio (cash and cash equivalents)	140.84%	138.02%

12 Important Future Developments and Plans for the year 2015

In 2015, Capital Bank will continue to capitalize on its cutting-edge position in providing specialized services to corporate and individual customers investing in Jordan. It will continue to provide pioneering services to meet the needs of its customers in Jordan and Iraq as well as corporations operating in both countries.

In furtherance of that, efforts will be made to consolidate the relationship among Capital Bank, Capital Investments and the National Bank of Iraq to provide accessible and comprehensive services at the Group level, in addition to implementing international banking standards that enable the Bank to provide unique services to keep abreast of economic developments and capitalize on investment opportunities.

Capital Bank will continue to work within its strategy to link trade and project finance with capital markets, and to provide a full range of competitive and innovative investment and banking services, depending on an in-depth knowledge of developments in the local and regional economic sectors and on the latest, highly efficient technologies. The Bank plans to introduce new financing products to the market in collaboration with the Central Bank of Jordan to finance industrial, tourism, renewable energy and agricultural sectors at preferential interest rates. Moreover, the Bank aims to attract a number of large companies in stable economic sectors by offering them banking facilities with good guarantees. It also aims to raise the level of interest in SMEs as the driving force behind economic growth and given their contributions in providing employment opportunities. This will be achieved by expanding the scope of the Bank's operations by offering a full range of programs in line with the demands of the sector. The SMEs Department has made some achievements, confirming the pertinence of the strategy pursued by the Bank in developing this sector.

The Bank will continue to provide its pioneering services and products to corporate customers, especially e-services. The aim is to provide premium banking services to increase its customer base and diversify its products. The Bank will launch a new ATM system, in cooperation with FIS, as well as an electronic services system via the Internet to its customers. The systems are designed to meet the new lifestyle trends of obtaining banking services at no cost and without the need to visit the branch.

The Bank will continue its operations in the field of trade and project finance in addition to offering unique advantages to customers in the promising Iraqi market. Due to their importance in all business sectors, the Bank has expanded its services to cater for SMEs by establishing specialized offices in some branches. The Bank continues to finance environment-friendly projects in collaboration with the French Development Agency.

In relation to services provided to retail customers, the Bank will continue to meet their requirements by introducing a number of advanced products in light of the current economic changes via our many branches as well as Capital Select –the leading branch dedicated to serving our VIP customers.

The Bank aspires to benefit from the promising investment opportunities in the Jordanian, Iraqi, and regional markets by entering into carefully considered projects and building strategic investment alliances with distinguished banks at the regional level to meet customers' needs in those markets. The Bank is committed to maintaining the trust and confidence of its customers.

Capital Bank has obtained a license from the Dubai Financial Services Authority and Jordan Securities Commission to establish a company in the Dubai International Financial Centre named Capital Bank Corporate Advisory (DIFC) Ltd. that will become operational in the first quarter of 2015. The Company is licensed to engage in specific activities in the field of financial and investment advisory services including arranging financing and investment deals and providing advice on financial products and financing in addition to arranging custodial and depository services. Opening the company in Dubai promotes Capital Bank Group's expansion in the region and the GCC markets.

13 Bank and Subsidiaries' External Auditor's Fees:

Ernst and Young's fees for auditing the Bank and its subsidiaries in 2014 amounted to JD 134,310 including tax, as follows:

	Amount
Capital Bank	76,560
Capital Investments (subsidiary)	8,120
NBI	49,630
Total	134,310

Number of Securities

- a– Number of securities issued by the Bank and owned by members of the Board of Directors, executive senior management and relatives of members of the Board of Directors.

Number of securities owned by members of the Board of Directors

Member	Position	Nationality	Number of shares owned as at 31/12/2014	Number of Shares owned as at 31/12/2013
Bassem Khalil Salem Al-Salem	Chairman	Jordanian	8,790,209	7,929,716
Mazen Samih Taleb Darwazah	Vice Chairman	Jordanian	2,656,231	2,414,756
Kim Fouad Saad Abu Jaber	Member	Jordanian	2,136,574	2,265,229
Investments and Integrated Industries Company	Member	Jordanian	9,141,254	8,310,231
Represented by Mr. Omar Muhammad Ibrahim Shahrour		Jordanian	-	-

Member	Position	Nationality	Number of shares owned as at 31/12/2014	Number of Shares owned as at 31/12/2013
Social Security Corporation	Member	Jordanian	16,828,942	15,299,039
Represented by Mr. Issam Abdullah Yousef Al-Khatib		Jordanian	-	-
Al-Khalil Investments	Member	Jordanian	58,595	53,269
Represented by Mr. Khalil Hatem Khalil Al-Salem		Jordanian	109,761	99,783
Hotaf Investment Company	Member	Jordanian	5,488,357	4,989,416
Represented by Mr. "Muhammad Ali" Khaldoun Sati' Al Husry		Jordanian	2,744,177	2,494,707
Al-Jadara Company for Real Estate Investment	Member	Jordanian	34,300	31,182
Represented by Mr. Sultan Mohammad M. El-Seif		Saudi	-	-
Jawad Abdel Reda Abdel Baqi Al-Qassab	Member	Jordanian	34,299	31,181
Mazen Bin Ahmed M. Al-Jubeir	Member	Saudi	250,250	27,500
"Mohammed Said" Mohammed Ibrahim Shahin	Member	Jordanian	30,250	27,500

14 A- Number of Securities Owned by Relatives of Members of the Board of Directors

Member's relative	Member	Relation	Nationality	Number of Shares owned as at 31/12/2014	Number of Shares owned as at 31/12/2013
Rudayna Farhan Saad Abu Jaber	Bassem Khalil Salem Al-Salem	Wife	Jordanian	622,408	565,826
Rula Samir Khalil Naser	Mazen Samih Talib Darwazah	Wife	Jordanian	79,990	72,719
Ghalia Charlie Ghalib Bisharat	Khalil Hatem Khalil Al-Salem, representative of Al-Khalil Investments	Wife	Jordanian	2,100	1,619
Hatem Khalil Hatem Al-Salem	Khalil Hatem Khalil Al-Salem, representative of Al-Khalil Investments	Son	Jordanian	9,500	6,700

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

Member	Position	Name of controlled company	Company's legal status	Number of shares owned by controlled company	
				31/12/2014	31/12/2013
Bassem Khalil Al-Salem	Chairman of the Management Committee	Al-Khalil Investments	Limited liability	58,595	53,269
Mazen Samih Taleb Darwazah	Vice Chairman	Darhold Limited	Private	3,210,279	2,918,436
"Muhammad Ali" Khaldoun Sati' Al-Husry/Representative of Hotaf Investment Company	Member	Darhold Limited	Private	3,210,279	2,918,436
Investments and Integrated Industries Company	Member	Universal Modern Industries for Edible Oil	Public shareholding	23,437	21,307
Kim Fouad Saad Abu Jaber	Member	AlYadoudeh Investment Company	Limited liability	144,359	131,236

C- Number of Securities Owned by Companies Controlled by Executive Senior Management Members:

Name	Position	Nationality	Number of shares as at	
			31/12/2014	31/12/2013
Haytham Yousef Abdulmonem Kamhiyah	General Manager	Jordanian	105,847	78,687
Muhammad Hafez Abdel Kareem Muhammad Hafez Muaz	Head of the Legal Department/Legal Counsel	Jordanian	20,621	16,500
Rafat Abdullah Ismail Khalil	Chief Support Officer	Jordanian	2,291	-
Ali Muhammad Daoud Abu Swai	Head of Treasury and Investment	Jordanian	1,763	-
Rania "Muhammad Said" Dwaikat	Head of the Compliance Department	Jordanian	1,206	-
Ayman Omran Abdullah Abu Dhaim	Chief Financial Officer	Jordanian	3,376	-
Rayd Khalil Abdulhamid Abu Ayyash	Head of the Strategic Planning and Corporate Communications Department	Jordanian	1,772	-
Nabil Nicola Najib Al-Awa	Head of the Credit Review Department	Jordanian	916	-
Derar As'ad Ahmed Abdulkhalik	Head of the Branches and Direct Sales Department	Jordanian	1,465	-
Bassam Diab Ahmad Al-Bitar	Head of the Central Operations Department	Jordanian	868	-
Yasser Ibrahim Muhammad Kleib	Chief Business Officer	Jordanian	-	-
Nedal Tawfeeq Ali Ali	Internal Audit Director	Jordanian	964	-
Falah Hasan Khalil Kokash	Head of the Risk Management Department	Jordanian	85	-

No shares are owned by other relatives of members of the Board of Directors.

No shares are owned by relatives of executive senior management members.

15 Remunerations and Benefits of the Chairman and Members of the Board of Directors and Senior Management in 2014

a– Members of the Board of Directors

Name	Annual salary	Transportation allowance	Bonuses	Total
Bassem Khalil Salem Al-Salem	420,000	29,000	461,010	910,010
Mazen Samih Taleb Darwazah	-	23,000	5,000	28,000
Omar Muhamed Shahrou	-	24,250	5,000	29,250
Issam Abdullah Yousef Al-Khatib	-	27,300	5,000	32,300
Sultan Mohammad M. El Seif	-	22,867	5,000	27,867
Khalil Hatem Khalil Al-Salem	-	31,800	5,000	36,800
"Muhammad Ali" Khaldoun Al-Husry	-	23,250	5,000	28,250
Kim Fouad Saad Abu Jaber	-	26,500	5,000	31,500
Mazen Bin Ahmed M. Al-Jubeir	-	30,767	5,000	35,767
Jawad Abdel Reda Abdel Baqi Al-Qassab	-	14,250	5,000	19,250
"Mohammed Said" Shatin	-	29,450	3,959	33,409
Total	420,000	282,434	509,969	1,212,403

b – Executive Senior Management

Name	Remuneration and Benefits as at 31/12/2014	Bonuses	Total
Haytham Yousef Kamhiyah	265,233	130,288	395,521
Ayman Omran Abu Dhaim	150,525	57,800	208,325
Rafat Abdullah Khalil	143,005	39,222	182,227
Muhammad Hafez Abdel Kareem Muaz	110,235	42,304	152,539
Ali Abu Swai	110,220	30,192	140,412
Yasser Ibrahim Kleib	110,235	42,332	152,567
Rania Muhammad Said Dwaikat	75,000	20,643	95,643
Rayd Khalil Abu Ayyash	110,250	30,345	140,595
Nabil Nicola Al-Awa	71,250	15,688	86,938
Derar Asaad Abdul Khaliq	71,484	48,119	119,603
Bassam Diab Ahmad Al-Bitar	67,950	14,863	82,813
Nidal Tawfiq Ali Ali	74,525	16,513	91,038
Falah Hasan Khalil Kokash	67,950	18,578	86,528
Tarik Awad (Capital Investments)	180,450	-	180,450
Yazan Munther Jereis Haddadin (Capital Investments)	105,194	-	105,194
Total	1,713,506	506,887	2,220,393

16. Donations and Grants paid by the Bank during 2014

Item	2014 (JD)
The Jordanian Hashemite Fund For Human Development	42,081
SOS Children's Village /Sponsoring two homes	30,000
Royal Academy	28,360
Young Muslim Women Association Center for Special Education	11,550
King Hussein Cancer Center	10,000
Al-Aman Fund for the Future of the Orphans	7,500
Jordan Education Initiative	6,750
Kafel Al-Yateem Association/Mafraq	6,000
Sponsorship of outstanding students	5,000
Karak tribes' diwan	5,000
Kafel Al-Yateem Association	5,000
Capital Bank Relief Initiative	5,000
That Ras Club	5,000
Tkiyet Um Ali	5,000
Mutah Martyrs Hall	5,000
STEPS	3,545
The Royal Society for the Conservation of Nature	3,000
Ebal Charitable Society	2,000
Cultech For Heritage and Conservation	1,000
Mabarrat Um Al Hussein	1,000
Other	51,085
Total	238,871

17. There are no contracts, projects or engagements entered into by the issuing company with subsidiary, sister, or affiliate companies, or with the Chairman or Members of the Board, the CEO, or any employee of the company or their relatives.

18. The Bank's contribution to environmental protection and local community service

A. Contribution to Environmental Protection

Capital Bank contributes to the national afforestation initiative through the afforestation of non-forested land in the Eira/Salt area as part of the agrarian reform program sponsored by the Ministry of Agriculture.

B. Contribution to Local Community Service

Capital Bank is committed to serving all segments of the local community. As such, it has continued its approach of enhancing its role in society and contributing to social development. The Bank has contributed and provided material and moral support to a number of community initiatives in the educational, humanitarian and social spheres, among others. Within the framework of its interest in supporting initiatives aiming to achieve sustainable development at the humanitarian and social levels, the Bank launched a number of initiatives and supported several community projects and programs targeting different sectors in 2014. These include:

- Educational Initiatives:

- Covering educational costs of students with special needs through the Young Muslim Women's Association Center for Special Education.
- Covering educational costs of university students in cooperation with Al-Aman Fund for the Future of the Orphans.

- Humanitarian initiatives:

- Supporting the Goodwill Campaign launched on the first days of the holy month of Ramadan.
- Focusing on non-profit organizations and charities and supporting institutions that help orphans and the poor. The Bank also sponsors two homes at the SOS Children's Village.
- Providing moral and material support to institutions and associations for children with special needs, including King Hussein Cancer Center.
- Sponsoring 25 orphans of the Kafel Al-Yateem Association in Mafrq.
- Distributing food parcels and Eid gifts during the holy month of Ramadan to 100 orphans in the Governorate of Mafrq with the participation of the Bank's employees.
- Providing meals and Eid gifts to children at the SOS Children's Village during the holy month of Ramadan with the participation of the Bank's employees.
- Distributing food parcels in Amman in cooperation with Tkiyet Um Ali.
- Supporting the Royal Society for the Conservation of Nature.

D– Affirmation by the Board of Directors

1. The Board of Directors affirms that there are no material matters that may affect the continuation of the company during the next financial year.
2. The Board of Directors affirms its responsibility for the preparation of financial statements and the provision of an effective control system in the Company.

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



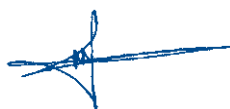
Vice-Chairman of the Board of Directors
Mr. Mazen Samih Talib Darwazah



Member of the Board of Directors
Mr. Kim Foad Saad Abu Jaber



Member of the Board of Directors
Mr. Mazen Ahmed M. Al- Jubeir



Member of the Board of Directors
Social Security Corporation represented by
Mr. Issam Abdallah Yousef Al-Katib



Member of the Board of Directors
Investment & Integrated Industries
Company, represented by:
Mr. Omar Mohamed Ibrahim Shahrour



Member of the Board of Directors
Al-Jadara Company for Real Estate
Investment, represented by:
Mr. Sultan Mohammed M. El-Seif



Member of the Board of Directors
Hotaf Investment Company, represented by:
Mr. "Mohammed Ali" Khaldoun Sati' Al-Husry



Member of the Board of Directors
Al-Khalil Investments, represented by:
Khalil Hatem Al-Salem



Member of the Board of Directors
Mr. Jawad Abdel Reda Abdel Baqi AL-Qassab



Member of the Board of Directors
"Mohammed Said" Mohammed
Ibrahim Shahin



3. We, the undersigned, hereby affirm that the information contained in this Annual Report is correct, accurate and complete.

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



General Manager
Mr. Haytham Kamhiyah



Chief Financial Officer
Mr. Ayman Omran Abu Dhaim



E. Branches

Branch	Address
Main Branch Telephone: Fax: P.O. Box: E- mail:	Shmesani - Esam Al-ajlony street +962-6-5100200 +962-6-5692062 Amman 941283 Jordan 11194 Main@capitalbank.jo
Capital Select Branch Telephone: Fax: P.O. Box: E- mail:	Shmesani - Esam Al-ajlony street +962-6-5100200 +962-7-5695942 Amman 941283 Jordan 11194 Shmesani@capitalbank.jo
Madina Street Branch Telephone: Fax: P.O. Box: E- mail:	Madina Monawarh Street +962-6-5529994 +962-6-5549252 Amman 941283 Jordan 11194 Madinah@capitalbank.jo
Sweifeyeh Branch Telephone: Fax: P.O. Box: E- mail:	Cross Tareq Aljondy street with Nasooch Altaher St. +962-6-5831177 +962-6-5885176 Amman 941283 Jordan 11194 Sweifeyeh@capitalbank.jo
Dabouq Branch Telephone: Fax: P.O. Box: E- mail:	King Abdullah II St. +962 6 5413338 +962 6 5412637 Amman 941283 Jordan 11194 Dabouq@CapitalBank.jo
Majdi Mall Branch – Ground Floor Telephone: Fax: P.O. Box: E- mail:	Queen Rania Al Abdulla St. +962 6 5331500 +962 6 5357614 Amman 941283 Jordan 11194 majdimall@capitalbank.jo

Branch	Address
Wehdat Branch Telephone: Fax: P.O. Box: E- mail:	Madaba street - Wehdat +962-6-4750801 +962-6-4750845 Amman 941283 Jordan 11194 wehdat@capitalbank.jo
Free Zone Branch/ Zarqa Telephone: Fax: P.O. Box: E- mail:	Vehicle Licensing Area +962 5 3825533 +962 5 3824722 Amman 941283 Jordan 11194 freezone@capitalbank.jo
Irbid Branch Telephone: Fax: P.O. Box: E- mail:	Huson Street - Irbid +962-2-7246280 +962-2-7246492 Amman 941283 Jordan 11194 irbid@capitalbank.jo
Aqaba Branch Telephone: Fax: P.O. Box: E- mail:	Alnahda Street - Aqaba +962-3-2039777 +962-3-2039949 Amman 941283 Jordan 11194 Aqaba@capitalbank.jo
Gardens Branch Telephone: Fax: P.O. Box: E- mail:	Wasfi Al-Tal Street – Building No. 115 +962-6-5540444 +962-6-5527834 Amman 941283 Jordan 11194 algardenzbranch@capitalbank.jo
New Zarqa Branch Telephone: Fax: P.O. Box: E- mail:	New Zarqa – Street No. 36 – Kurdi Plaza Complex +962-5-3933555 +962-5-3856009 Amman 941283 Jordan 11194 NewZarqa@capitalbank.jo