His Majesty King Abdullah The Second

His Royal Highness Hussein Abdullah, Crown Prince

بنك القاهرة عمّان

CairoAmmanBank

Together we grow معاً ننمو

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Together we grow

معاً ننمو

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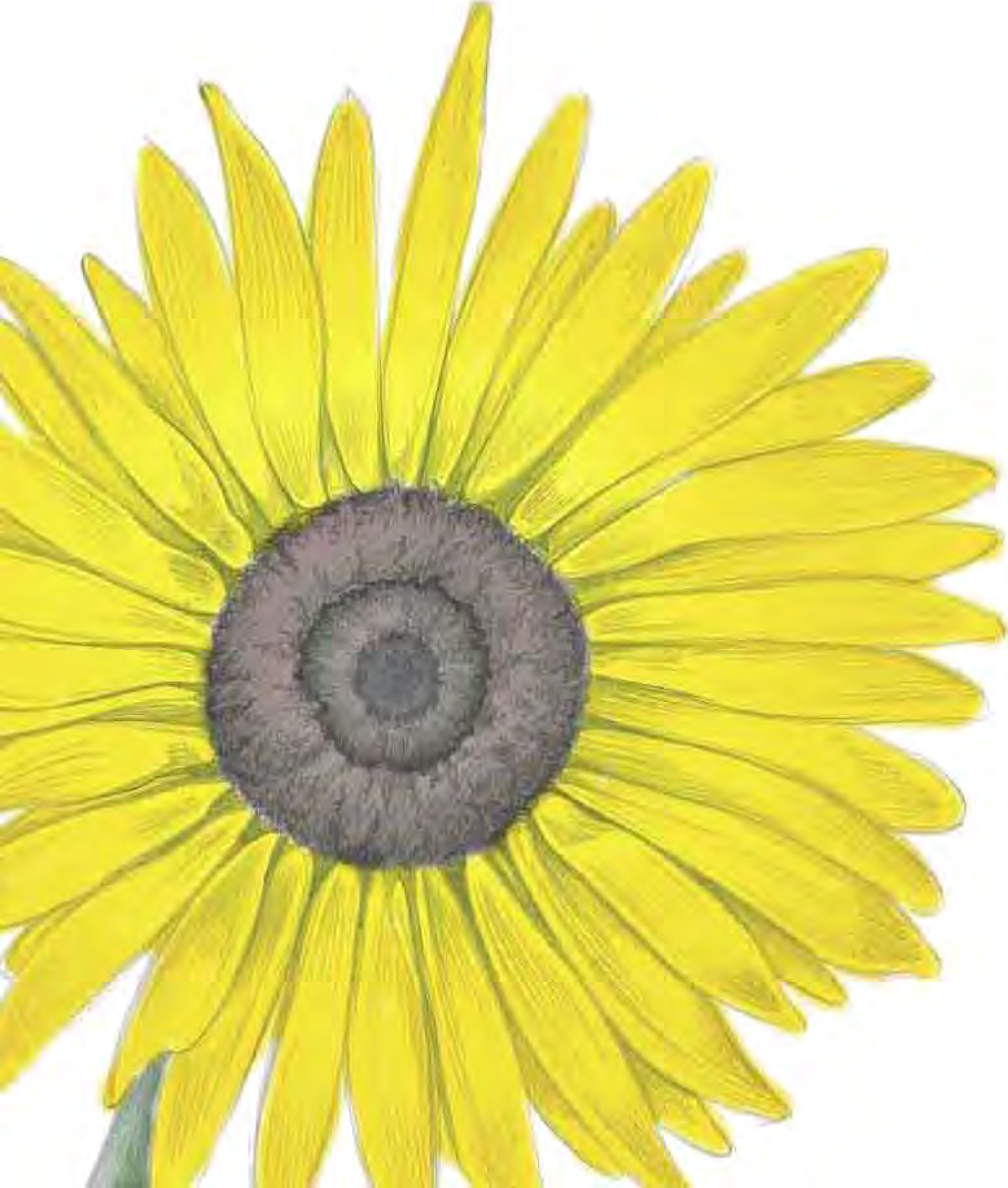

Mr. Yazid Adnan Al-Mufti	Chairman (from 7/10/2012)
Mr. Mohammad Kamal Eddin Barakat	Vice Chairman, Representing Banque Misr
Mr. Khaled Sabih Al-Masri	Chairman (until 7/10/2012)
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Mr. Kamal Ghareeb Al-Bakri	General Manager
Ernst & Young (Member of Ernst & Young Global)	External Auditors

Dear Shareholders,

It is my pleasure on behalf of the Board of Directors, to present to you Cairo Amman Bank's Annual Report for the year 2012, demonstrating the Bank's achievements during the year which resulted in posting excellent results and strong performance.

The global economy continued to witness struggling and uneven growth. The risk of slowdown in economies and financial markets loomed as loss of confidence, while policy paralysis and political uncertainty continues to cast its shadows on the global scene. The MENA region was not alienated from the effect of political and economic uncertainty as the players on the regional stage aspired to bring stability to their populous. In spite of increased pressure of the economy of oil importing countries however, its economic growth was better than the previous year driven by growth in the oil exporting countries.

The year 2012 was challenging for Jordan as we witnessed significant volatility in monetary and fiscal fundamentals and an increase in budget deficit in the central government and other governmental institutions as a result of the cost of restructuring as well as delaying lifting the fuel subsidies. The increase in trade deficit was accompanied with a decline in the foreign currency reserve levels by USD 3.80 billion; a rate of 36% resulting from the dependency on importing crude oil to generate electricity. However, despite the tough economic conditions globally, regionally, and locally, gross domestic product (GDP) grew by 2.8% during the year.

Cairo Amman Bank 2012 results demonstrated our ability to face challenges and extraordinary circumstances. The combination of successful strategy, conservative policies and prudent risk management practices and commitment to the best banking practices has been a major attribute to this accomplishment.

Net income amounted to JD 35.3 million compared to JD 36.6 million in the previous year, a decline of 3.6% that resulted mainly from non-recurring investments income during 2011. As operating income is a witness to the solid achievement of a bank, Cairo Amman Bank posted growth that exceeded 11% before income tax.

The Bank also achieved growth in most of its other operational indicators. Net interest and commission grew by 6% to reach JD 106 million, while gross income from operational activities amounted to JD 114.4 million achieving growth of 4.6% over last year. In addition, total assets grew by 4.3%, reaching JD 2024.3 million, while customers' deposits increased by 1.8%, reaching JD 1400.3 million. Credit facilities increased by 6.3%, reaching JD 1007.3 million accompanied by ongoing improvement in the quality of the credit portfolio, as the level of non-performing loans declined from 4.83% to 4.52% which is lower than the average level of the banking sector in Jordan noting that the provision coverage ratio exceeds 95%. The Bank capital adequacy ratio reached 14.93%, which is higher than the minimum required by Central Bank of Jordan of 12% and minimum required by the Basel Committee of 8%. The Bank's return on average assets and average equity of 1.78% and 15.18% respectively remains amongst the highest in the banking sector in Jordan.

In 2012, Cairo Amman Bank continued developing its operations, enhancing our competitive position and improving the level of services we provided to our customers through increasing our branches, offices and ATMs to extend our geographical reach by adding14 new branches and offices.

As part of our vision to lead in the banking sector technology revolution, the new core banking system was launched in some of our branches as a starting point for the full implementation of the system during 2013, in addition to a new electronic channels system implemented that enables providing our customers with innovative products. Our efforts were crowned by the implementation of a new information security system compatible with the best global practices to become the first Jordanian bank to get ISO 27001.

We at Cairo Amman Bank will strive during 2013 to implement our strategic policies and plans, to develop our operations, to improve our services, and to enhance our performance efficiency. We will concentrate on maintaining adequate liquidity levels and the quality of the credit portfolio. The Bank will continue implementing the new core banking system in all of its branches and extend our outreach through opening new branches throughout the country. Our mission in supporting the local community as part of corporate social responsibility of the Bank will remain in the forefront of our efforts.

Based on the financial performance of the Bank, the Board of Directors has recommended that the General Assembly distribute dividends of 17% of the share's par value to the shareholders, amounting to JD 17 million. This decision is expected to solidify the capital base and to cater to further expansion in operations and more competitiveness.

In conclusion, I would like to extend our sincere thanks for the shareholders' tremendous support, and to our customers for their valuable trust in the services of Cairo Amman Bank. Our appreciation is also extended to all employees for their commitment and hard work and to the Central Bank of Jordan for its efforts and ongoing support. We are fully confident that we will endeavour to provide excellent banking services and achieve the best results in the coming years.

Yazid Adnan Al-Mufti,
Chairman of the Board

Board of Directors' Report

Together we go green; on the basis of World Vision to fight social, economic and environmental challenges resulting from energy consumption, and in line with the Bank's policy during the previous two years to save energy consumption and recycling. During the year 2013, Cairo Amman Bank will develop a package of activities which aim at the application of an environment-friendly strategy with a view to raise environment awareness and consolidating the concept of personal responsibility towards the environment through refining practices, public conduct and environmental education that achieve sustainable development.

These activities include contribution to change the paper industry to a more environment-friendly industry through the provision of all the Bank's brochures and publications in a modern environmental concept, such as having them printed on recycled paper. The Bank would also provide gifts and prizes to customers that are made from environmental-friendly materials that are biodegradable and which have no negative impact on the elements of the environment, thus creating environmental awareness amongst members of the society. On the level of companies with a view to strengthening the umbrella of Green Lending, the Bank signed an agreement with the French Development Agency to provide medium and long-term credit facilities at competitive rates for financing projects in the area of sustainable energy, and projects to improve the efficiency of energy use in Jordan. In this case, the rate of installments is to equal the rate of cash without interest, to promote energy-saving products, so as to lead to the contribution and support the public concept in order to save energy consumption by the Bank's customers.

معاً نحو بيئة خضراء

Together we go green

World Economy

In economic terms, global activity continued to struggle as growth has become more uneven with increasing downside risks, accompanied by bouts of global financial market volatility. The loss of confidence associated with perceived policy paralysis hindered growth throughout the year.

In the euro area, Europe's chronic problems worsened as the euro zone economy is expected to have shrunk by 0.4% in 2012. Greece remains in recession for a fifth consecutive year and the economies of Spain and Portugal shrank for the third time in five years. Unemployment in the euro zone reached record highs, especially in Spain and Greece. This brought new bearing to the debate on the effectiveness and severity of fiscal tightening and whether their effect on economic output was underestimated, though eurozone policymakers still seemed geared towards further austerity.

Recent activity indicators have continued to languish, suggesting that weakness is spreading from the periphery to the whole of the euro area. The euro area periphery has seen a marked decline in activity, driven by financial difficulties evident in a sharp increase in sovereign rate spreads. Even Germany, the area's largest economy, has not been immune to the debt crisis turbulence, as its economic activity contracted slightly in the fourth quarter.

As the crisis deepened new interventions have been necessary to prevent matters from deteriorating rapidly as Greece returned to the fore with a possible exit from the euro, and Spain came close to requesting a full bailout. This led to capital flows from the periphery to the core of the euro area and has caused Spanish sovereign spreads to hit record highs and Italian spreads to move up sharply too.

Concerns culminated in questions about the viability of the euro area; particularly with regards to the readiness of policymakers to implement policies adequate to combat the crisis, as decisions were delayed from one summit to the next.

This prompted a variety of actions from European policymakers, such as the launching work on a banking union, which was followed up by a proposal by the European Commission to establish a single supervisory mechanism. More importantly, the ECB announced in September that it would consider Outright Monetary Transactions (OMTs) under a macroeconomic adjustment or precautionary programme with the EFSF/ESM.

Policymakers also seemed to commit to plans to allow the eurozone's bailout fund to directly boost the capital of banks in countries facing debt troubles. This was viewed as a significant commitment aimed at containing the eurozone's financial crisis, and addressing the "vicious cycle" linking a government's finances to that of its banks. However, it seems that going into 2013, the plan remains plagued by technical problems and obstacles from governments such as Germany.

In the end, it was Mario Draghi's, the ECB's president, promise to do "whatever it takes" to save the single currency, that seemed to contain the debt crisis and resulted in a significant improvement in global financial markets. Bond yields in peripheral economies declined, but data continued to remain mixed.

Moving to the other side of the Atlantic, the United States is in better shape by comparison; the economy grew moderately at 2.2% in 2012, but a rate considered disappointing by historical standards. The labour market and consumption have failed to garner much strength and the persistent weakness has prompted another round of policy stimulus by the Federal Reserve.

The Federal Reserve extended its quantitative easing in its last meeting of the year, planning to purchase $85 billion a month of mortgage-backed securities and Treasury securities, as part of a continuing attempt to drive down long-term interest rates to encourage borrowing, spending and investing. The Central Bank also set explicit economic targets for when it plans to end its easing programmes, stating that it will keep interest rates near zero until the unemployment rate falls below 6.5% or inflation accelerates faster than 2.5% a year

Moreover, industrial activity in the United States has showed unusual weakness – seemingly due to uncertainty over the stance of fiscal policy in the run up to November's elections and the end-of-2012 'fiscal cliff'. Policymakers continued their political disputes and partisan differences, which threatened to erode the US fragile recovery and send the economy back to recession in 2013.

After breaching the fiscal cliff deadline by a couple of hours, the country's politicians passed a compromise deal that blocked most impending tax increases and postponed spending cuts, largely by raising taxes on upper-income Americans. However, this left a host of issues unresolved and guaranteed continued budget clashes between the parties, especially as future negotiations will coincide with those regarding raising the $16.4 trillion debt ceiling.

On the positive side, the housing market turned a corner in 2012, private credit has continued to expand, and unemployment rate fell steadily. But the recovery is still very weak and the numbers of long-term jobless remains high.

On the other hand, developing economies remain the main driver of global growth – with no signs of an end to the "two speed" world economy. Nevertheless, their output has slowed compared to pre-crisis period; an era of double digit growth in the BRICs – Brazil, Russia, India and China – appears to be over.

On the commodities front, prices of gold were somewhat subdued. Global risk aversion and unprecedented uncertainty did not boost the gold's safe-haven appeal, as gold failed to breach the $1,800 level.

As for oil prices, tight supplies coupled with increasing Mideast tensions have lifted the Brent crude price, with the average price for the year at around $108 reaching a high of $119.4 in March. However, weak global demand has placed a lid on price hikes, especially in the second half of the year.

Arab Economies

Political uncertainty continued to weigh on economic activity in many countries in the MENA region during 2012. Nonetheless, growth in 2012 recovered, with GDP estimated to have grown by 5.3% in 2012. The rebound was largely driven by an exceptional recovery in oil exporter Libya (around 75% GDP growth), and continued robust expansion in Iraq (11% growth).

Oil Exporting Countries

Oil exporting countries benefitted from high oil prices, averaging above $100 per barrel throughout the year, to boost economic growth despite the weak global environment, reflected by a 6.5% growth rate in 2012. Moreover, countries of the Gulf Cooperation Council (GCC) enjoyed unprecedented surpluses, around $400 billion in their current accounts.

Saudi Arabia is expected to have seen strong growth in 2012 of about 6.0% and the economies of Qatar and UAE are expected to grow by 6.3% and 4.0% respectively.

Meanwhile, the biggest challenge facing GCC countries is the need to diversify their economic activities beyond hydrocarbon dependent sectors, and providing ample job opportunities for its youth, as their percentage of total population increases. Furthermore, vulnerability to fluctuations in international oil prices remains the main downside risks for the GCC, as that in turn affects their revenues and budgets on the one hand and financial surpluses in foreign currency on the other hand.

Oil Importing Countries

Growth among oil importers remained sluggish at an estimated 2.5% in 2012 due to the political turmoil and the resulting decline in tourism revenues compared to pre-Arab Spring levels, a decline in the level of foreign direct investment, the adverse impact of the euro area debt crisis, as well as poor harvest in Morocco, and continuing uncertainty and weak reserves position in Egypt.

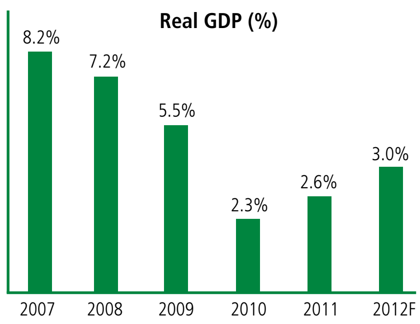
Accordingly, forecasts point to growth rates in 2012 of 3.0% in Morocco and 2.0% in Egypt. Moreover, Tunisia's GDP is estimated to rise 2.4% in 2012, but in Lebanon, spillover effects from the conflict in Syria caused growth to decelerate to an estimated 1.7% in 2012.

Geopolitical tension in the region has adversely affected the external positions for oil importing countries. Lower levels of tourism and foreign direct investment predominantly contributed to the decline in foreign reserves in non-oil-exporting economies. Therefore, in order to mitigate this deterioration in external balances, the monetary authorities in oil importing countries hiked interest rates; which has contributed negatively to economic growth in those economies.

Moreover, in order to ease the wave of popular protests in the region, governments opted to boost their untargeted subsidies on basic commodities including oil. The additional expenditures widened fiscal deficits; with the structure geared towards current expenditures at the expense of capital expenditure that traditionally drives economic growth. Moreover, the fiscal stimulus measure pushed the public debt to levels surpassing 70% of GDP in 2012, which will only place extra pressure on governments to take austerity measures in the upcoming years.

Jordanian Economy

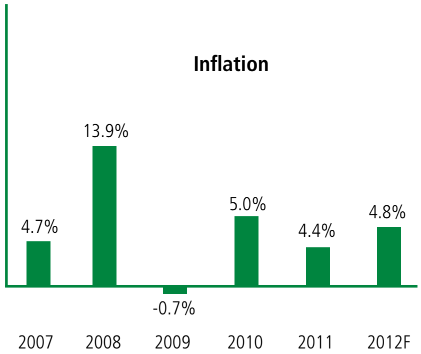
The year 2012 was an especially tough economic year, as it witnessed significant volatilities in monetary and fiscal fundamentals. However, despite the tough economic conditions globally, regionally, and locally, gross domestic product (GDP) grew by 2.8% during the first three quarters of the year compared to the same period in 2011. Figures indicate that GDP will grow by 3.0% throughout 2012.



The main factors that negatively affected GDP growth in 2012 included the decline in government capital spending, the slowdown in the global economy, and the increasing geopolitical tension in the region. Additionally, government austerity measures such as removing exemptions on real estate taxes also played a role in slowing down growth in 2012.

On the other hand, other sectors and especially the tourism sector played an important role in raising growth rates. Preliminary figures released by the Central Bank of Jordan showed that tourism revenue grew by $500 million in 2012 compared to the previous year, with a growth rate of 15.30%. This was due to the increase in medical tourism, especially from Arab countries, and the relative political stability of the country when compared to the region.

As for inflation, data released by the Department of Statistics showed that the consumer price index (CPI) increased by 4.8% in 2012, compared to 2011.



The government’s austerity measures introduced in November 2012 to reduce the fiscal deficit, in particular the removal of annual fuel subsidies worth JD860 million, was a main contributing factor to pushing oil products’ prices up and adding inflationary pressures. Data released by the Department of Statistics indicate that inflation increased by 7.2% in December of 2012 compared to same period 2011, fuelled by a 20% surge in the transportation sector as a direct result of the increase in oil products’ prices.

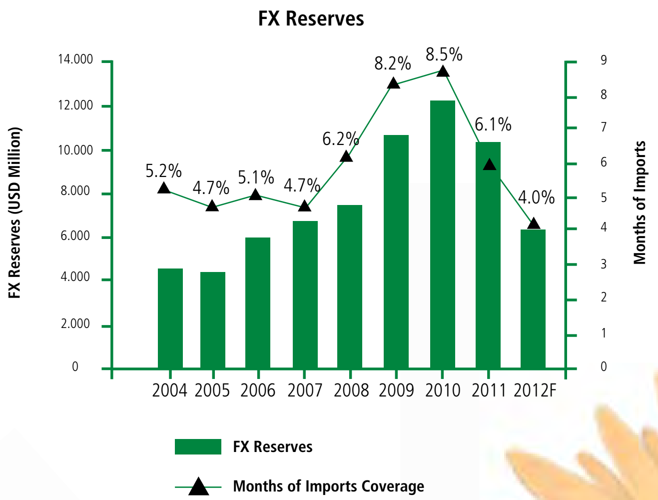
Monetary Policy

During 2012, the main concern for the Central Bank of Jordan was maintaining the attractiveness of the Jordanian Dinar against other currencies. In addition, the Central Bank had to provide adequate liquidity levels to cover government and private sector financing needs.

Foreign Reserve levels at the Central Bank deteriorated by $3.8 billion (36%) during 2012, as a direct result of the disruption in Egyptian gas supply flows and the dependency on importing crude oil to generate electricity. Moreover, in the face of worsening economic indicators and increasing political uncertainty in the region, investors’ concerns led to a large wave of dollarisation.

Due to the aforementioned factors, excess liquidity in the market decreased by more than JD one billion during 2012. The aforementioned decrease in JOD excess liquidity was fuelled by the unprecedented contraction in JOD deposits in licensed banks which decreased by 7.0% during the first eleven months of 2012.

In an effort to stabilise foreign reserves and JOD liquidity levels in the market, the Central Bank introduced weekly and monthly repurchase agreements under its open market operations and bought back government bonds from licensed banks in the secondary market. These unorthodox measures have successfully injected JD 1.0 billion of additional liquidity into the market, allowing banks to continue lending the central government and the National Electricity Company. Thus, private credit extended by the banking sector grew by 6.0% during the first 11 months of 2012.



Additionally, in an effort to preserve the attractiveness of the Jordanian Dinar and prevent another wave of dollarisation, the Central Bank raised the overnight window rate by a total of 1.75% during 2012 (currently at 4%), and repurchase agreements by 0.50% (currently at 4.75%). Rate hikes have also targeted containing inflationary pressures that may emerge as a result of further austerity measures taken by the government.

External Sector

Jordan's exports fell during the first 9 months of 2012 by 0.7% while imports grew by 4.8% during the same period. The drop in exports was caused by the decrease in the volume of trading with Iraq, the deterioration in the political situation in Syria, and the general slowdown in the global economy. On the other hand, the increase in imports was caused by the continued disruption in Egyptian gas supplies and Jordan's dependency on crude oil from Saudi Arabia to generate electricity.

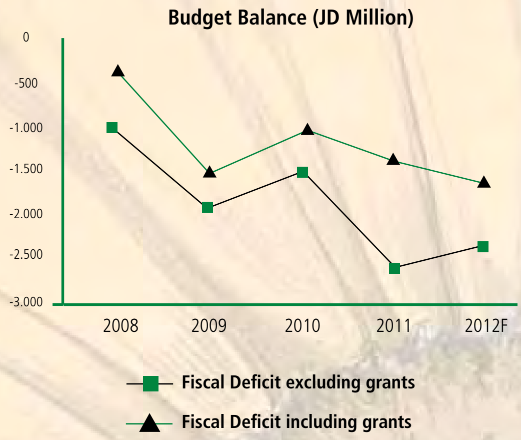
Therefore, the trade deficit widened to JD 6.6 billion during the first nine months of the year, an increase of 19.5%. Consequently the imports coverage by exports stood at 38.8%, down from 43.2% for the same period of 2011.

Nevertheless, as for the overall external sector, tourism revenue and workers' remittances improved throughout 2012, helping to bridge the shortfall in the balance of payments. Primary data indicate that tourism revenue have increased from $3 billion in 2011 to $3.5 billion in 2012, growing at a rate of 15.3%. Moreover, the Central Bank of Jordan has released preliminary data showing the remittance of Jordanian expatriates increased by 3.5% in 2012.

On another note, in 2012 the Jordanian government expanded its external borrowing to finance its fiscal deficit. The Ministry of Finance released data showing that the external debt increased by around $400 million during the first ten months of 2012. The increase in external borrowing has also helped in bridging the shortfall that faced Jordan's balance of payments in 2012.

Fiscal Policy

The budget of the Jordanian central government and its independent entities witnessed mounting pressures during the year 2012. The state budget deficit continued to widen as a result of increased social expenditures and the delay in removing the subsidies on fuel, in face of rising political tensions and popular unrest and demonstrations the Kingdom witnessed.



Moreover, the National Electricity Power Company (NEPCO) continued incurring losses for a second consecutive year due to the disruptions in Egyptian gas supply and the dependency on crude oil to generate electricity. This led to increasing pressures on the central government, particularly through the continued guarantee of NEPCO's borrowing to offset accumulated losses.

According to official estimates, the central government's deficit including grants reached JD 1.6 billion or 7.0% of GDP in 2012. In comparison NEPCO's losses reached a staggering JD 1.7 billion or 7.7% of GDP for the same year. However, total government deficit would have reached JD 3.9 billion or 17.0% of GDP, if we exclude foreign grants and include the deficit incurred by NEPCO.

In the midst of the financial crisis facing the central government's budget and its entities, the government took a series of corrective steps in accordance with the International Monetary Fund (IMF). This included the initiation of the National Economic Reform Programme, in order to obtain the necessary funding and repair the structural imbalances affecting the budget.

In addition, the government lifted the subsidies on fuel but countered its effect by offering cash assistance to those who are eligible in November 2012. This is expected to save the treasury about JD 500 million that can be used to lower the deficit including grants in 2013.

Despite adopting these IMF approved measures, the 2012 fiscal deficit remained high, exacerbating the public debt, as external debt increased by around JD 250 million and internal debt increased by JD2.6 billion, such that total public debt to GDP reached around 73% of GDP during the first ten months of 2012, compared to 65% of GDP in 2011.

Amman Stock Exchange

The Amman Stock Exchange (ASE) ended 2012 with a decline for the sixth consecutive year. The trading value reached JD 2.0 billion compared to JD 2.9 billion in 2011. The ASE free float price index closed on a record low of 1957.6 points in 2012 compared to 1995 points in 2011, or a decline of 1.9%.

In addition, the number of traded shares also witnessed a decrease during 2012 of 41.5% and reached 2.4 billion shares traded through 975,000 contracts, compared to 4.1 billion shares traded through 1.3 million contracts in 2011. The share turnover ratio also decreased to 33.9% in 2012, compared to 58.2% in 2011.

Despite this, non-Jordanian ownership as a percentage of market capitalisation has increased to 51.7% in 2012, compared with 51.0% in 2011.

On the other hand, the number of companies listed on the ASE in 2012 declined to 243. The market capitalisation of listed shares at the ASE constituted 93.5% of the GDP.

In July 2012, Jordan Securities Commission revised the divisions of the Amman Stock Exchange into three main markets – first, second, and third, based on a certain set of classifications. The classification takes into account the profitability, financial position of the company, and the liquidity according to free shares and capital.

The new instructions which are aimed at restructuring the stock exchange and better classifying non-performing companies was also accompanied by amendments to the maximum and minimum ceiling of the daily change in share prices. Prices of traded shares in the first market can now move up or down a maximum of 7.5%, compared to 5.0% previously, a step that should encourage trading and help share prices to reach its fair levels.

Expectations for 2013

The Jordanian economy is projected to achieve better growth rates in 2013 as a direct result of the expected increase in developmental projects of around JD 550 million, financed by the GCC grants. In its latest agreement with the Jordanian government, the IMF forecasts real GDP to grow around 3.5% in 2013, compared to 3.0% in 2012.

On the other hand, expectations are for inflation rates to reach 6.0% or above next year. This is due to the government removing subsidies on fuel and expectations of increasing the tariffs on both electricity and water bills. In addition, the government is anticipated to introduce new fees and impose extra consumption taxes in 2013.

Moreover, expectations indicate that the upcoming year will be less volatile in terms of foreign reserves. Egyptian gas supply levels have gone back to their normal levels as of the end of 2012 and the government indicated that it plans to cover its financing needs for 2013, by depending mostly on external borrowing, this will likely lead to an increase in foreign reserves.

Meanwhile, the improvements in political and economic relations with Iraq could help revive exports that were hit in 2012. This could also help economic growth rates through the cooperation of both countries when it comes to commercial trade and energy projects.

However, the aforementioned positive indicators remain vulnerable to political and economic changes at the local, regional, and global levels in 2013. Previous years have showed the significant role played by those factors in determining the direction and the sentiment of the local economy.

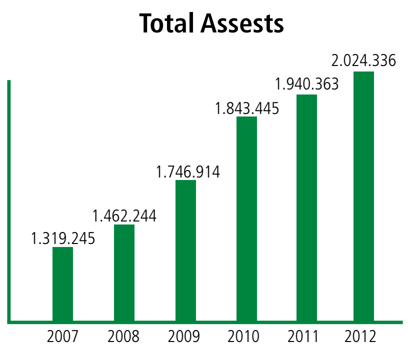
Financial Indicators and Ratios
Amounts in thousands (JDs)

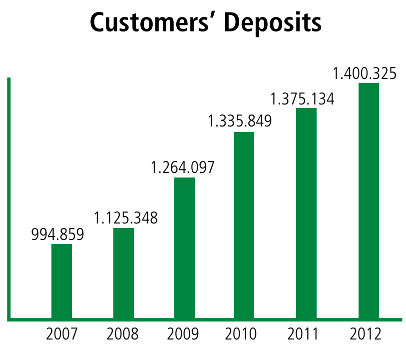
Results at Year End	2012	2011	Variance
Net interest & commission income	106,026	100,053	5.97%
Income from operating activities (excluding investment income)	114,400	109,326	4.64%
Gross income	114,489	115,217	(0.63%)
Net operating income before income tax	50,263	45,034	11.61%
Net income before income tax	50,352	50,925	(1.12%)
Net income after income tax	35,286	36,596	(3.58%)
Earning per share (JD)	0/353	0/366	(3.58%)
Major balance sheet items			
Total assets	2,024,336	1,940,363	4.33%
Credit facilities, net	1,007,337	947,590	6.31%
Customers deposits	1,400,325	1,375,134	1.83%
equity	241,237	223,570	7.90%
Financial ratios			
Return of average assets	1.78%	1.93%	
Return of average equity	15.18%	17.04%	
Net interest & commission income to average assets ratio	5.35%	5.29%	
Capital adequacy ratio	14.93%	15.00%	
Credit facilities to customers' deposit ratio	71.94%	68.91%	
Non-performing loans ratio	4.52%	4.83%	
Non-performing loans coverage ratio	95.20%	93.61%	

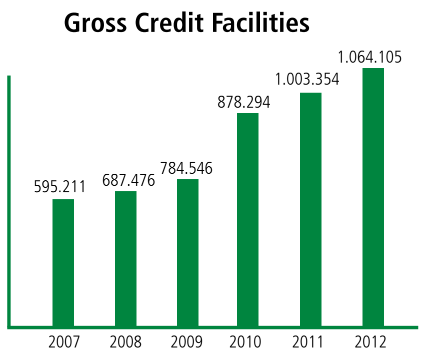
Financial Indicators for the Previous Years

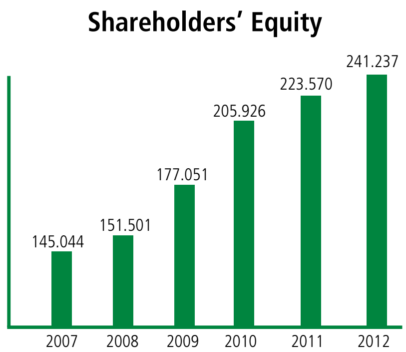
(Amount in thousands (JDs); except share price)	2007	2008	2009	2010	2011	2012
Net income before tax	20,910	20,295	25,549	34,749	36,596	35,286
Dividends paid	7,500	4,000	8,800	15,000	17,000	17,000*
Bonus shares distributed	5,000	8,000	12,000	-	-	-
Total equity	145,044	151,501	177,051	205,926	223,571	241,237
Outstanding shares	75,000	80,000	88,000	100,000	100,000	100,000
Market price per share (JD)	3.20	2.52	2.47	3.18	2.77	2.75

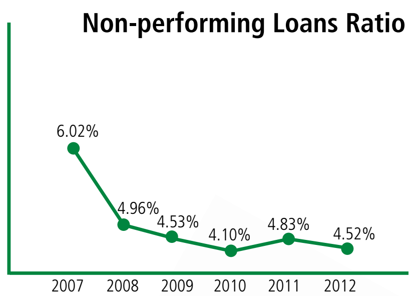
*Amounts represent the Board's recommendation to the General Assembly for 2012

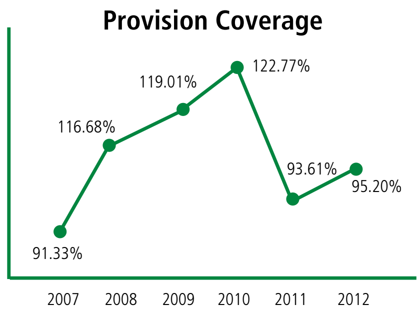

Total Assests
1.319.245
1.462.244
1.746.914
1.843.445
1.940.363
2.024.336
2007
2008
2009
2010
2011
2012


Customers' Deposits
994.859
1.125.348
1.264.097
1.335.849
1.375.134
1.400.325
2007
2008
2009
2010
2011
2012


Gross Credit Facilities
595.211
687.476
784.546
878.294
1.003.354
1.064.105
2007
2008
2009
2010
2011
2012

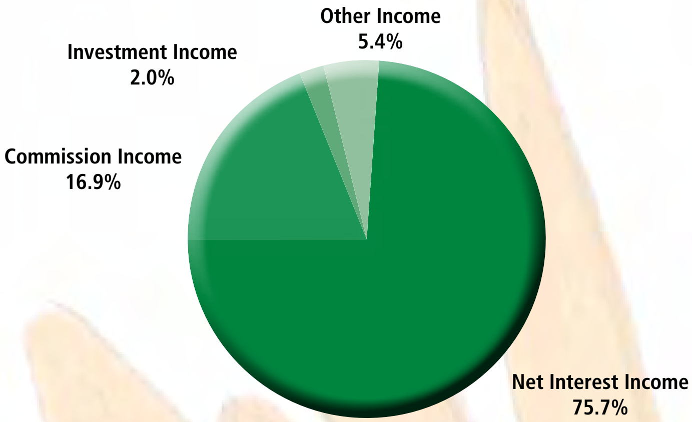

Shareholders' Equity
145.044
151.501
177.051
205.926
223.570
241.237
2007
2008
2009
2010
2011
2012


Non-performing Loans Ratio
6.02%
4.96%
4.53%
4.10%
4.83%
4.52%
2007
2008
2009
2010
2011
2012


Provision Coverage
91.33%
116.68%
119.01%
122.77%
93.61%
95.20%
2007
2008
2009
2010
2011
2012

Analysis of Results of Operations

Despite the decline in the growth rate of the economy and its effect on the growth on various economic sectors, the Bank managed to achieve excellent results surpassing the amount budgeted for the year. Net income before taxes amounted to JD 50.4 million compared to JD 50.9 million in 2011, posting a decline of 1.12%, while net income after tax amounted to JD 35.3 million compared to JD 36.6 million in the previous year, a decrease of 3.58%, bringing the earnings per share to JD 0.353 compared to JD 0.366 in the previous year. It is worth mentioning that the decrease in net income for the year resulted from extra-ordinary investment income in 2011 of JD 5.9 million compared to only JD 89 thousand for 2012, as a result operating income before taxes for the year posted a growth of 11.61%. In addition, income of JD 145 thousand that resulted from selling financial assets at fair value were reflected directly in the shareholders equity without passing by the Profit and Loss accounts.



Gross Income

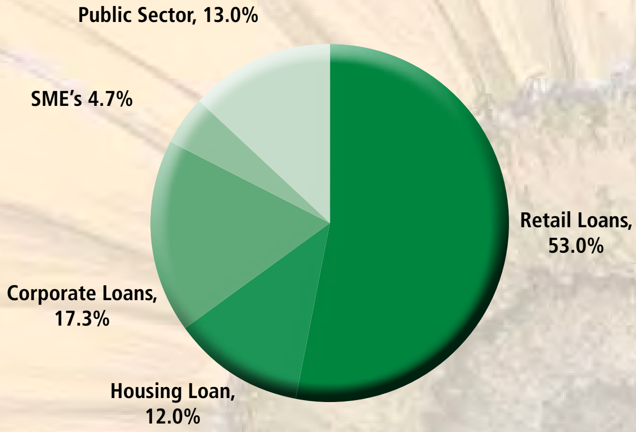
These results were driven by robust growth in all operational indicators. The net interest income increased by 7.3%, reaching JD 86.7 million compared to JD 80.8 million in 2011. Net commission income continued to post strong results at JD 19.3 million, while the Bank's investment portfolio profits declined from JD 8.3 million to JD 2.3 million in the current year as a result of extra-ordinary income generated last year from selling some of the Bank's investments in stocks and bonds. As a result, gross income amounted to JD 114.5 million, compared with JD 115.2 million by year end 2011. Moreover, the Bank reinforced its operational capability, as its earnings from interest and commission comprised 92.6% of the gross income compared to 86.8% for the previous year.

Conversely, gross expenditure, including provisions against decline in credit facilities, declined by JD 156 thousand to reach JD 64.1 million. This also includes a 2.49% increase in employees expenses resulting from annual increases in addition to the increase in the number of employees to accommodate new branches and expansion of the Bank's activities. Furthermore, other operating expenses increased by JD 0.9 million, or 4.9%, including JD 0.7 million increase in utilities expenses as a result of increasing the tariff of electricity on the banking sector during 2012. In addition, new branches contributed to increasing rent expense as well as other related expenses. Rent expenses also increased as a result of renewing some of the existing lease agreements at higher costs.

The operating expenses include JD 3.4 million as additional provisioning against non-performing loans, compared to JD 1.7 million for the previous year. Other provisions amounted to JD 1 million, JD 3.4 million lower than the previous year as a result of the decrease in provision against law suits.

Analysis of the Bank's Financial Position

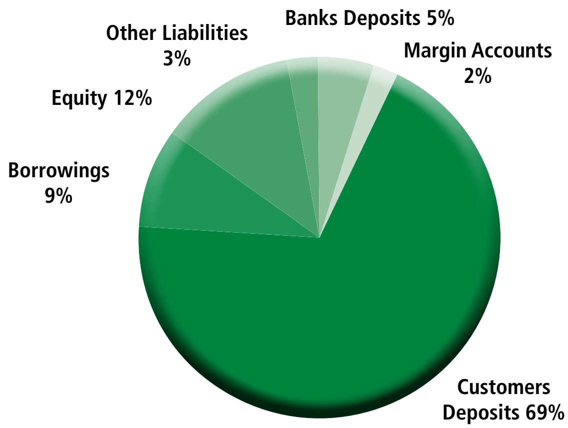
During the year, the Bank achieved high growth rates in most of its operating indicators. Total assets grew by 4.3% to reach JD 2024.3 million, an increase of JD 84 million over the end of the previous year. Gross credit facilities increased to JD 1064.1 million compared to JD 1003.4 million in 2011, a growth of 6.1% which was achieved through the Bank's policy of diversifying its customer base and focusing on retail loan and targeting reputable companies. This policy has contributed largely to improving the quality of the credit facilities portfolio, as net non-performing loans ratio improved to 4.52% of the gross loans versus 4.83% for 2011. As a result, the net credit facilities portfolio amounted to JD 1007.3 million compared to JD 947.6 million for the previous year, witnessing an increase of JD 59.7 million, a growth rate of 6.3%. The Bank also improved its level of provisions for loan loss to JD 45.8 million, where coverage ratio now stands at 95.2%.



Credit Facility Portfolio

The investment portfolio amounted to JD 520.5 million compared to JD 490.9 million in the previous year. This increase emanated from additional investments in bonds mainly government bonds and other financial instruments held to maturity as their balance rose by JD 54 million to reach JD 428.9 million at year end. This all conforms to the Bank's plan of preserving its liquidity by ensuring an acceptable tradeoff between low-risk instruments and higher return. Investments in shares increased by JD 2.8 million to reach JD 51.6 million as a result of buying new investments.

Despite the competition amongst banks to attract deposits, the Bank was able to widen its customer base, as customers' deposits increased to JD 1400.3 million compared to JD 1375.1 million for 2011, achieving a growth of 1.8%. The Bank maintains a high liquidity level that conforms to international standards and regulatory authorities, which provides a source of reassurance to all parties dealing with the Bank. Credit facilities constitute 71.9% of the customers' deposits which in turn constitute 69% of the overall sources of funds.



Sources of Funds

Shareholders' equity amounted to JD 241.2 million at the end of 2012 compared to JD 223.6 million at the end of 2011, an increase of 7.9%. The Bank's dividends policy solidified the capital adequacy ratio (CAR) which reached 14.93%. The Bank's CAR is above the minimum level set by the Central Bank of Jordan of 12%. The ratio of the core capital reached 14.02%, and the leverage ratio of weighted shareholders' equity to gross assets reached 9.75% which places the Bank in the first "well-capitalised" category under the solvency scale.

Proposed Dividends

The Board of Directors recommended that the general assembly distribute 17% cash dividends to the shareholders. This recommendation is part of the Bank's strategy to reinforce its paid-in capital and fortify its ability to expand the scope of its operations and activities as well as increase its competitiveness.

Retail Services

Cairo Amman Bank continued playing its leading role in the field of providing banking services to individuals and maintaining a sizable share in the market, as that constitutes the cornerstone of the Bank's strategy while maintaining the quality of the credit portfolio and low default rate. During the year, the Bank concentrated on revising its retail loans products to accommodate the current economic situation and to meet customers' needs. The Bank also developed a number of products and programmes and continued expanding the 'Easy Installment' programme including an increase in the companies included within this programme.

The year 2012 witnessed the Bank exceeding the level of one billion Jordanian dinars in the volume of retail loans that were granted since the commencement of retail banking more than ten years ago. On this occasion, the Bank celebrated with its customers and employees who contributed to attaining this achievement through launching the 'One Billion' campaign that included the chance to enter the Cash Room and collect the prize.

Benefiting from its technological development and geographical spread, the Bank entered into an agreement with the Military Credit Fund whereby the Fund's customers can utilise the services of the Bank's ATM network.

In addition, the Bank did numerous marketing and promotional campaigns during the year targeted to its retail customers, such as the 'Win & Save' Salary Transfer campaign where the prizes were in the form of fuel coupons in order to assist the 2,500 winners in handling their living expenses; the 'Quarter-Million Room' campaign for saving accounts; the 'Mothers' Day' campaign for credit card holders, which gave the chance to win diamond rings; and the 'Prepaid Internet Cards' and 'Treasury Challenge' campaigns for Western Union customers. The Bank also allowed its customers to postpone loan installments during Eid holidays.

The Bank continued developing and expanding its micro-finance programmes, which provide loans to small craftsmen and professionals; capitalising on the Bank's spread and its presence in the Jordan Post Company offices. The Bank entered into an agreement with Jordan Loan Guarantee Corporation to guarantee the risks of micro credit with an aim of raising the level of economic activities in this sector.

Furthermore, the Bank continues to finance beneficiaries of the Royal Initiative 'Decent Home for a Decent Living' through granting fixed interest loans for a duration of 30 years.

The Bank's policies and programmes led to the growth of retail and housing credit facilities by 10.1% and 3.3% respectively, bringing the balances to JD 564.3 million and JD 128.1 million respectively.

Small and Medium Enterprise (SME) Credit

Cairo Amman Bank continued to reinforce its leading role in SME lending. Despite the challenging economic conditions and scarcity in liquidity, the Bank was able to expand into this sector exceeding targets in terms of number of customers, and direct and indirect facilities granted while maintaining the quality of the portfolio.

To better serve our customers and improve their financial and administrative skills, the Bank continued its cooperation and coordination with Business Development Centre (BDC) under EMPRETEC-Jordan Programme agreement by conducting several training workshops to the owners and vendors of SMEs projects educating them on dealing with banks to obtain the necessary funding. The Bank also delivered other seminars and workshops to SMEs owners through the cooperation with Jordan Enterprise Development Corporation (JEDCO).

During the year, the Bank was amongst the first banks in Jordan to enter into an agreement with Overseas Private Investment Corporation (OPIC) as part of Government of Jordan (Ministry of Planning) initiative to launch a programme for financing the SME sector, on its belief in the importance in providing finance to credit worthy SME companies, especially in the governorates outside the Jordanian capital, in addition to enterprises owned by women. Furthermore, to accomplish those objectives, the Bank signed another agreement with Jordan Loan Guarantee Corporation.

Corporate Credit

Despite the challenges that deterred the performance of core economic sectors this year, the Bank continued to cater for their corporate customers' financial needs in accordance to the directions set by the Board, aiming at achieving satisfactory returns while maintaining a moderate level of credit risk. These guidelines translated into attracting credit worthy customers, as well as increasing the ceiling of facilities for existing customers with high solvency and excellent record. All the while encouraging them to make optimal use of the new ceilings and focusing on indirect facilities and trade finance. The year witnessed participating in a number of syndicated loans targeted to finance development project that add to Jordanian Economy.

In addition, as part of Green Lending initiatives, the Bank signed agreement with Agence Française de Développement (AFD) to provide medium and long-term credit facilities at competitive rates for financing projects in the area of sustainable energy and projects to improve the efficiency of energy use in Jordan.

Treasury and Developing Sources of Funds

The Bank acted prudently with the increased market volatility and the decline in the level of liquidity especially in the Jordanian Dinar through diversifying JD sources of funds at a competitive rate that enables the Bank to cater for its customers funding needs. In addition, the Bank continued to efficiently manage its assets and liabilities and to place its funds safely in accordance with the credit policy in financial instruments based on the internal models developed to assess sovereign and financial institution credit risks.

Cairo Amman Bank continued offering its pioneering trading platform 'CABFX', a service that allows its customers to trade in foreign currencies and precious metals at spot market prices through the Bank's website, using a secured platform. This platform attracted new customers as local investors found the service very appealing. The Bank further continued to offer its customers with a broader spectrum of products such as option contracts, future contracts, structured FX products which are customised to suit the client's needs, in addition to hedging solutions tailored to cover risks of foreign exchange fluctuation.

During the year, the Bank prepared and disseminated a range of reports and economic analyses as well as cooperated with the Association of Banks in Jordan in preparing working papers to help the banking sector to deal with the changes in Central Bank of Jordan regulations.

The Bank continued to foster its relations with local and international banks, widening its network of correspondent banks. This in turn increased the credit ceilings granted to Cairo Amman Bank, and allowed the Bank to offer the best services and rates to its clients.

Investment Services

The Bank offers through its subsidiaries – Awraq Investment in Jordan and Al-Wataniyah Securities Company in Palestine – local, regional and international brokerage services. It also offers asset management services, such as management of customers' investment portfolios, establishment and management of multi-purpose investment funds, as well as financial and investment consultation services, in addition to conducting studies and researches.

Branch Network and Distribution Channels

In order to achieve the largest geographical spread and spacious outlets that offer the best banking service to customers, and complies with the Bank’s corporate identity, Cairo Amman Bank opened six new branches in Ghour Al-Safi, Ajloun, Travel Depot in Irbid, Al-Tafilah, Al-Ruseifeh (Jabal Al-Shamali) and German Jordan University, in addition to eight new offices in Amman Customs, Zarqa Free Zone, Al-Shoubak, Wadi Mousa, Ma’an, Al-Kora Deir Abi Saeed, Al-Shouneh Al-Shamaliya, and Al-Shouneh Al-Janobieh mainly to serve Ministry of Finance in collecting the public revenues in addition to provide our banking services to all citizens in such areas. Furthermore, in an effort to increase the efficiency of our branches, the Bank merged Jabal Al-Hussein branch within Jabal Al-Hussein (Western) branch and Al-Qweismeh branch within Al-Qweismeh Madaba Street branch and Karak branch within Karak Al-Thaniyah branch bringing the number of the Bank’s operating branches and offices to 105 branches, out of which 21 branches in Palestine. The Bank also renovated three branches in accordance to the Bank’s corporate identity.

In addition, the Bank increased its ATM network, adding eight ATMs in Jordan and three in Palestine bringing the total number of ATMs to 235 and launched paying utility bills service through ATMs. Furthermore, the Bank market its services through three Advisory and Sales Centres in Zarqa, Irbid and Jarash to provide advice to its customers, as well as to receive various applications.

The Bank allows its customers the possibility of locating its branches through its smartphone application which allows having detailed information about the branches, the existence of ‘Iris Recognition’, the location of post offices where that Bank exists and companies included within the ‘Easy Installment’ programme.

During the year, the Bank re-launched its website ‘www.cab.com’ in a new format and includes comprehensive and detailed information about the Bank’s programmes and campaigns offered to its customers.

The outlets providing Western Union services including the Bank’s branches and other sub-agents achieved during the year increase in the transfers by 19.6% compared to the previous year. Annual transfers amounted to more than JD 185 million divided between inbound and outbound transfers done through 187outlet. In addition, the Bank completed its plans to develop the money transfers services through Western Union though increasing the number of outlets and implementing unified quality standards for providing the service to customers. In collaboration with Western Union Company, the Bank organised several activities targeted to the foreign communities in Jordan.

With an aim of facilitating the status of refugees in Jordan, the Bank assisted the United Nations High Commissioner for Refugees (UNHCR) in distributing aid to beneficiaries through the use of Visa Cards where the number of beneficiaries since the beginning of the project until the end of 2012 reached 3,650 beneficiaries. As for Syrian refugees, aid was provided to them through utilising “Iris Recognition” through the Bank’s branches and ATMs starting from June 2012; where number of beneficiaries reached 5,920 individuals.

Ghor Al Safi Branch

Irbid Branch

Tafileh Branch

Jordan University - Student Office
Aqaba Branch

Al Zarqa Branch - Army Street

Al Hussein Bin Talal University
Gate Office Branch - Ma'an

Information Technology

Building on the technological advancement achieved by Cairo Amman Bank during the previous years, the Bank continued developing its information technology through investing in its infrastructure, business continuity, information security and its core banking system. This included installing redundant wide area network to operate in case of any emergency in the existing network to ensure continuity in providing banking services. In addition, the Bank installed Virtual Tape Library that ensures immediate backup of information in head office as well as the data recovery centre.

In addition, the Bank implemented Intrusion Prevention Systems 7th level firewalls to ensure secure electronic environment and worked on developing an effective administrative and frame work for the management of information security that complies with international standards to become the first bank in Jordan to obtain (ISO 27001) certificate.

The Bank started the implementation of the new Core Banking System successfully in some of its branches as a way to full implantation in all branches. In addition to a new electronic channels system compatible with the requirement of Visa International and includes providing new services such as paying utility bills, charging mobile phone cards, instant messaging system and pre-paid card.

Human Resources and Training
The Bank's Employment Policy

Cairo Amman Bank recognises the importance of the recruitment process and the major role it plays in providing the Bank with qualified, well-trained and competent employees to fill vacant positions. As such, the Bank has implemented a policy that stresses on internal recruitment, giving priority to qualified employees within the Bank to fill any vacancies on a competitive basis, prior to recruiting candidates from outside the Bank. This policy has supported employees in developing their careers with CAB as it matches the qualifications, experience, skills and competencies of the employees with those required for the vacant position. Employees competing for vacant positions are further assessed through technical written exams as well as personal interviews as part of the selection process.

The Bank recruits candidates from outside sources for entry-level positions as well as those positions that require specific and highly specialised technical experiences and qualifications. In completing the recruitment process and manpower plans, budgets and work requirements are taken into consideration. The main goal is to attract those candidates most suitable for the vacant positions in terms of experiences, qualifications and skills. Selecting new candidates is done through various assessments including written technical exams and personal interviews.

The number of employees with the Bank and its affiliate companies are 2,187 employees with qualifications as indicated in the following table:

Qualifications	The Bank	AWRAQ Investments	Al-Watanieh Securities	Total
PH.D	1	-	-	1
MA/MS	74	3	3	80
High Diploma	8	-	-	8
BA	1,312	24	8	1,344
Diploma	347	2	1	350
High School	230	-	4	234
Under High School	167	3	-	170
Total	2,139	32	16	2,187

In 2012 the Bank also upgraded and further developed its employee performance evaluation policy. tThis policy called for updating all competencies for all positions and evaluation forms for each position were developed based on the competencies required for the position. It also required that employees be evaluated twice each year in order to ensure a more objective and comprehensive total evaluation for each employee. Furthermore, in 2012 the Bank automated the evaluation process reducing the amount of paper used in evaluating the large number of employees.

Training Courses

During 2012, Bank employees participated in over 380 various training programmes. These included programmes held in the CAB Training Centre in addition to workshops held at different training centres in Jordan, Palestine and abroad. In addition, CAB provided four employees with scholarships as part of the Bank's continued education programme, and four scholarships to children of employees as part of the Bank's effort to assist employees in providing an education for their children.

Training programmes during 2012 focused on various areas including topics related to banking operations, managerial skills and soft skills. In addition, a number of specialised professional programmes were offered. The number of participants in the various training programmes during 2012 reached a total of 3,559 employees.

Some of the most prominent training programmes which were held at the CAB Training Centre in 2012 included; Anti-money Laundering and Financing Terrorism, in which over 90% of the targeted employees participated; Counterfeit and Forgery in which all branch employees participated; Awareness Workshops relating to what recent developments in Western Union money transfers; Public Safety Courses; and, courses in Managerial/Administrative/Soft Skills. In addition, workshops on Temenos (the new core banking system) were held throughout 2012 and will be held continuously during 2013.

As part of the Bank's social responsibility programme, training opportunities for over 436 university students and graduates were provided in cooperation with various universities, as well as with LoYAC (youth development programme).

Following is a breakdown of the training courses in which CAB employees participated in 2012:

Training Field	No. of Courses	No. of Participants
Information Technology	69	920
Trade Finance	19	106
Conduct and Management	59	365
Managerial/Administrative/Soft Skills	32	125
Credit Facilities	27	284
Internal Audit	3	13
Risk, Compliance and Anti-money Laundering	81	982
Treasury and Investment	13	44
Legal Issues	14	108
Marketing and Sales/Customer Service	10	98
Work Procedures and Regulations	10	233
English Language	14	106
Banking Diploma and Comprehensive Banking Courses	11	74
Safety	3	54
Others	21	47
Total	386	3559

Employee scholarships for continued education
(Diploma and Bachelor's degrees)

The Bank's Competitiveness

The Bank strengthened its position as one of the leading banks in Jordan bolstered by its achievements during this year and the preceding years. Capital Intelligence confirmed its rating of the Bank for the year despite the adverse economic situation in the country which did not allow for improving the rating.

The Bank's market share of total deposits and credit facilities in Jordan are 3.81% and 4.8% respectively, and 8.24% and 6.83% in Palestine, respectively.

Profile of Subsidiary Companies

Al-Watanieh for Financial Services Company 'Awraq Investment'

Al-Watanieh for Financial Services Company 'Awraq Investment' was established in Amman during 1992 as a limited liability company to operate as a broker in Amman Stock Exchange. The Bank owns 100% of its paid up capital of JD 5 million. The Company's operations include local, regional and international brokerage services.

Al-Watanieh Securities Company

Al-Watanieh Securities Company was established in Ramallah, Palestine in 1995, as a limited liability company. It acts as a broker at the Palestine Stock Exchange. Currently, it has offices in Gaza, Nablus and Bethlehem. The Bank owns 100% of its paid-up capital totaling JD 1,500,000.

Cairo Amman Bank's management believes being an active member of the society and supporting activities that improve the quality of life are two of the main pillars to ensure its presence in the local community. During 2012, the Bank took part in various national initiatives that tackled economic and social issues, believing that establishing itself in the community as a leading national institution requires tapping into all segments of society and supporting their activities. The Bank's most prominent contributions through the past year were:

Al-Hussein Cancer Foundation Partnership

The Bank has been supporting Al-Hussein Cancer Foundation for six consecutive years in organising a summer camp for children who suffer from cancer and are being treated at the foundation. The Bank considers this partnership one of the most vital ones, as it provides the children with a comprehensive treatment plan through moral encouragement and offering different activities at the camp such as magic shows, singing classes and face painting. The Bank will continue to support Al-Hussein Cancer Foundation as part of its social responsibility.

Madrasati Initiative

Cairo Amman Bank continued taking part in the Madrasati Initiative that was launched by her Majesty Queen Rania Al Abdullah to improve the teaching environment at less fortunate schools in the Kingdom. The Bank's employees, with the help of students, took part in the restoration of Saham Comprehensive Secondary School for Girls in Bani Kenanah by painting the school's walls, as well as organising different sports activities for students. Additionally, the Bank arranged lectures to raise awareness on health and hygiene issues and afterwards distributed a variety of gifts to the students.

In previous years, the Bank took part in the restoration of Rimon Primary School in Jerash, Qraiqrah School in Aqaba and Abu Baker Al-Sideeq Primary School for Boys in Mafraq.

Training Government Universities Students

Cairo Amman Bank provided training opportunities through a partnership with Luthan Centre for Youth Achievements. The Bank, with the cooperation of the Centre, received ten young men and women who were enrolled in different universities in the country and assigned them to different departments or branches in the Bank based on their specialisation and qualifications. This was part of the Loyak for Summer Work 2012 programme, which ran for a period of six weeks.

Through this partnership, the Bank aims at granting the upcoming workforce an opportunity to gain practical experience in banking and growth prospects at the institution, and in turn help them determine their career path following graduation. In addition, this helps refine the student's personal skills and enhance the importance of teamwork in a cooperative environment to reach a common goal.

Supporting "Arab Women in Media" Conference

Under the framework of supporting Arab women and their leading role in society, Cairo Amman Bank sponsored the 9th Arab Women in Media Conference in the city of Petra. The conference ran under the title of Arab Women in Media and its Role in Political Change, with support from the Ministry of Tourism. The conference shed light on the role of women who work in media under the current political situation and the importance of maintaining their rights in line with the universal charters, especially with respect to the freedom of expressing opinion and stimulating their role in the progress of Arab media.

This support stems from the Bank's devotion to assisting causes that represent a diverse spectrum of the society and help them actively contribute to the prosperity of the country.

Careers Days

Cairo Amman Bank participated in the fifth annual Career Day which was organised by the University of Jordan. The event was held at the University's Centre for Students' Affairs through the Career Training Centre/King Abdullah II Fund for Development with the cooperation of the Faculty of Engineering and Technology. The Bank also participated for the ninth consecutive year in the Careers Day held at Philadelphia University, and the third career exhibition held by Akhtabout Company at Al-Hussein City for Youth.

Such events aim at giving graduates the opportunity to present their curriculum vitae to private sector companies and to get a general idea about the requirement of the labour market and the opportunities available. Employees from the Human Resources department at the Bank were present at the events to answer all questions and to provide examples about available vacancies and career development opportunities.

Sponsoring the International Cirque du Soleil

Cairo Amman Bank supports entertainment events, and is pleased to have been a silver sponsor for the International Cirque du Soleil, which was held for the very first time in Jordan at Prince Hamza Hall at Al-Hussein Youth City. The show ran for four days in June 2012.

The Bank's management believes that supporting these types of shows will make Jordan a more attractive touristic destination for both locals and internationals, by providing entertainment events that are recognised at an international level. In addition, it offers Jordanians a glance at different and new cultures.

FOREX-Jordan

Cairo Amman Bank took part in the seventh FOREX Exhibition – Jordan, with its own booth to exhibit the service it provides. At the exhibit, representatives from the Bank answered all queries by visitors and participants, and presented a detailed explanation around the diversified banking services that the Bank provides on an individual and corporate level. In particular, the representatives spoke about CABFX – a platform that provides customers with a service to deal in foreign currencies and precious metals.

Social Activities

As part of a number of activities which fall under the Bank's social responsibility umbrella, the Bank arranged an Iftar at Dar Sakher Society for Orphans during the holy month of Ramadan. The Bank sees these kinds of initiatives as the collective responsibility of the private sector to provide support to the less fortunate, whether the support comes through material aid, or by organising different societal activities.

At the Iftar, the Bank's employees and the children enjoyed being with each other and the family-like atmosphere reflected the values addressed during the holy month.

Sports Activities

As part of its effort to be in touch with national educational institutions, and in order to encourage healthy habits between students, including competitiveness and teamwork values, Cairo Amman Bank sponsored various schools' athletic events and activities in 2012. Amongst these activities were the young football league in Baptist School, Al-Raed Al-Arabi School, Rosery College and Al-Asriyah School. The Bank's sponsorship for the aforementioned activities covered various costs including gifts to winning teams.

Furthermore, the Bank sponsored a cycling race that was organised by the Development of Tourism and Preservation of Heritage Society in Madaba; in cooperation with Biking Jordan. The race took place in July 2012, as the month is recognised for cycling sports worldwide. The Bank's sponsoring of this race was to encourage local sports activities and contribute to the efforts spent to promote Madaba as a destination for both local and international tourism.

Social Activities in Palestine

Cairo Amman Bank also feels a sense of duty towards the Palestinian local society, and has continued to sponsor patriotic and national events and occasions in Palestine. For example, the Bank sponsored Injaz-Palestine Establishment programmes for the academic year 2012; mainly through its employees participating as trainers for various schemes under certain programmes, while providing supervision and consultation for others. The importance of sponsoring the Injaz initiative refers mainly to its goals and aims of preparing Palestinian youth to enter the labour market with needed and required skills; which should help leading this market towards prosperity.

During 2012, the Bank also sponsored other events and activities in Palestine including: Jerusalem Economic Conference that was held in Jerusalem, Awards Festival for Outstanding Students at High School in Tulkarm, My Arabic Library Competition- Directorate of Education in Bethlehem, Honoured Students Festival – Directorate of Education in Qabatiya, Summer Camp for Children of Bir Zeit University Professors, Danadeesh Troupe Show – Sareyyet Ramallah, Workshop of Positive Thinking – Al-Najah University in Nablus, Bir Zeit Nights Festival, Equestrian Competition – Termasa'ya Equestrian Club in Ramallah, Soccer Team of the Palestinian Statistics Centre and Handicraft Exhibition for Psychiatric Patients – Guidance Centre in Ramallah.

Donations

The total donations granted by the Bank during the year 2012 amounted to JD 443.3 thousand, and were distributed between sectors as follows:

	Amount in thousands (JDs)
Health Sector	52.9
Educational Sector	159.4
Social Services	209.7
Sports Sector	8.1
Others	13.2

Cairo Amman Bank Art Gallery

Cairo Amman Bank hosts a gallery for visual arts at its main building in Amman, which has become an attractive place for Jordanian and Arab formative artists to visit. The Gallery houses young talent whose beautiful pieces are spread across the Banks' walls. To generate competition and creativity, the Bank has taken to giving incentive awards to those who create the best-received pieces.

The Bank hosted a photography exhibition at the Gallery for seven Jordanian photographers with cooperation from the French Cultural Centre. The exhibition was organised with a photo festival in its second edition, under the title 'Revolution and Development'. At the exhibition, several Jordanian artists participated under the support of the Bank.

Additionally, the Bank hosted the works of leading artist Ahmad Niwash, where a unique group of his artwork that he painted in the late 60s was exhibited, as well as more recent ones. Niwash is known as a pioneer of the Jordanian formative art's foundation, as he has been participating in various art galleries in Jordan and abroad since the 60s. He has received many awards on the local and international levels, including the State Appreciation Prize in 1990 for presenting the Jordanian portrait standing out.

The Gallery also hosted the Arab Formative Artists exhibition (for both artists and authors) for a group of prominent names in the Arab arts world such as Batoul Al-Fakiki, Hakim Al-Aqel, Behram Hajo, Sa'di Al-Ka'bi, Khleif Mahmoud, Somar Al-Hindawi and Bassem Mohammad. At the exhibition, a notable group of formative art books for the participating artists were published and released, with the help of Dar Al-Adeeb for Publishing and Distribution.

Cairo Amman Bank also announced the names of the prize winners in the first session (2011-2012) of the Youth Talent Competition that it launched to support national talent in the field of visual arts. The Bank organised an exhibition in the Gallery for 51 chosen paintings submitted to the competition, after a panel of judges comprised of academics at various Jordanian universities voted on the works received.

Finally, the Bank, with the help of Fabriano, invited students of different ages to participate in the third session for Children Paintings' Competition held annually at Cairo Amman Bank. The Bank allocated prizes of saving accounts for the winning artworks of each age category, while the grand prize was a trip to Italy to visit Fabriano factories.


Arab Formative Artists


Youth Talent Competition First Session


Ahmad Niwash Exhibition


Jordanian Photographers Exhibition


Children Paintings Exhibition Third Session

The Bank will strive to maintain its achievements taking into consideration the expected local, regional and global economic situation which indicates an improvement in economic growth rates in Jordan accompanied with an increase in inflation and stability in the level of foreign currency reserves. Although the expected deficit in the government budget and the need to finance it through borrowings from the local market would effect the level of the liquidity as well as interest rates.

The Bank will continue monitoring the economic developments and take necessary steps to preserve the funds of depositors as well as shareholders. In addition, the Bank will strive to improve the efficiency of its operations, widen the customers base and maintain the quality of its assets.

The following are the most important items of the business plan for 2013:

- Maintaining adequate capital adequacy level and a "well-capitalised" status according to Central Bank of Jordan regulations
- Implementing Basel II requirements, especially clauses related to the second pillar "managerial review" and to prepare for Basel III requirements, as well as reinforcing sound corporate governance
- Maintaining adequate liquidity levels by increasing customers' deposits, and continue the cash and in-kind prizes schemes
- Solidifying the Bank's leading position of providing banking services to individuals by expanding cross-selling and preparing specific programmes that fulfill the needs of all customers
- Maintainig the quality of the credit portfolio through expanding the size of the portfolio while continuing efforts to settle non-performing loans and increase the coverage ratio
- Continuing to implement the IT development plan to enhance the Bank's performance, including the full implementation of the new core banking system
- Increasing performance efficiency and cost control while maintaining the quality of services
- Expanding sales outlets by opening three new branches in several targeted areas in Jordan and Palestine
- Continuing with the renovation of the Bank's branches in accordance to its corporate identity through the renovation of five branches in Jordan and Palestine
- Improving the efficiency and skills of the Bank's employees through implementation of the annual training plan
- Continuing the Bank's participation in supporting the local community which is part of the Bank's social responsibility

Cairo Amman Bank manages all its various risks through a comprehensive policy which identifies and manages risks. This policy plays a crucial role in assigning different roles for all concerned parties responsible for implementing such a policy, mainly the Board of Directors, Risk Committee, Investment Committee, Audit Committee and Compliance Committee as well as the executive management and committees formed thereby such as Assets Liabilities Management Committee (ALCO) , Operating Procedures Development Committee, Credit Facilities Committees, in addition to specialised divisions such as the Risk Management division, Compliance and AML division and Internal Audit division. Moreover, every unit or employee in the Bank is held responsible for managing all the risks falling under his/her responsibilities and shall observe appropriate internal controls and monitor its effectiveness in accordance with internal control system in the Bank.

The risk management process in the Bank includes the identification, measurement, evaluation and management of risks; be it financial or non-financial, which might have a negative impact on the Bank's performance and reputation, or on its objectives to ensure achieving optimal equilibrium between risk undertaken, and return achieved.

In light of the CBJ's intention to have Basel III regulations implemented by banks in Jordan, this year, the Bank has performed a calculation of the regulatory capital to measure the impact of Basel III issued by BCBS on 31/12/2011, which suggests enhancing the financial systems in risk management, liquidity, and minimum capital adequacy.

Thus, the Bank continues to adopt and implement the general framework of risk management for all kinds of risks facing the Bank. Therefore, adopting objectives pertaining to the Bank's capital commensurate with the internal control environment, strategic business plan, size and complexities of the Bank, structure, nature, and levels of risks the Bank is exposed to. In addition, the Bank adopts stress testing to measure its ability to face risk exposures in extreme situations and to analyse those scenarios identifying such events and the probable changes that might occur in the market with a negative influence on the Bank's performance.

The Bank deals with challenges pertinent to banking risks comprehensively under an overall framework of risk management in accordance with international best practice and with sound and safe banking practice whereby the Board, through its various committees, supervise and ensure the existence of adequate and comprehensive policies and procedures for risk management.

The following steps were taken in 2012:
• Ongoing monitoring of acceptable risk appetite determined by the Board of Directors and reporting any breaches in relation to such risk appetite
• Updating the credit policy of corporate customers and SMEs
• Updating the credit policy related to credit ceiling and limits with international correspondent banks

Accordingly, the Bank is exposed to the following risks:

Credit Risk
Credit Risk is caused by the default or failure of one party on his obligations towards the Bank which incur losses. The Bank manages Credit Risks through establishing and developing different policies that identify and deal with all aspect of granting and maintaining credit in addition to setting upper credit limits granted to customers and to the totality of credit facilities granted to each sector and geographical location. Moreover, the Bank continuously evaluates the creditworthiness of customers and accepting appropriate collateral.

The Bank manages Credit Risk in its portfolio through different conditions and limits provided for in the credit policies approved by the Board of Directors. These policies in general include clear ratios to maximum credit limits granted to any customer and/or any group of related customers in addition to distributing credit to different geographical locations and to various business and economic sectors. Projected credit budgets take into consideration various limits provided for in the credit policies. During 2012 the Bank has updated both its credit policies and credit limits policy for correspondent banks.

The Bank adopted different methodologies to mitigate or lessen risks which include for example, but not limited to, setting the acceptable collaterals and its conditions taking into consideration the fact that there should be no correlation between collateral value and customer activities. Moreover, the Bank adheres to the policy of insuring certain portfolios and additional provisioning as one of risk mitigation technique.

Accordingly, there are different departments within the Bank assigned with credit monitoring and following up as well as reporting any early warning signs aimed at following up and remediation.

Market Risk

Market Risk results from fair value or cash fluctuation of the financial instruments as a result of movement of market prices such as interest rate, foreign exchange and stock prices. Market Risk exists as a result of open positions in interest rate and currencies prices as well as investment in stock. Such prices are monitored in accordance with predetermined policies and procedures and through specialised committees and concerned departments or units. Market Risks include interest rate risks, foreign exchange risks and stock price fluctuations. Market Risks are measured and monitored through various tools such as sensitivity analysis and stress testing as well as stop loss limits.

Liquidity Risk

Liquidity Risk results from the inability of the Bank to provide the adequate financing to carry out its obligations on maturity dates, or to finance its own activities without having to incur heavy expenses and costs or losses. To prevent and mitigate such risk, the Bank's management and Asset-Liability Management Committee manage Liquidity Risk through using different sources of financing and ensuring that there is no concentration in sources of financing. Moreover, plans are adopted for the provision of liquidity in emergency cases through a Liquidity Contingency Plan.

Operational Risk

Operational Risk is the result of inadequate or failure of internal procedures, employees, internal control system or external events. The internal control process is one of the most important tools used in managing such a risk. The Bank's executive management has given premium and considerable attention to ongoing development of the control environment on all of the Bank's activities and operations. Thus, an Operational Risk policy has been approved to cover all of the Bank's departments, units, foreign branches and subsidiaries. The Bank continuously updates and develops a Business Continuity Plan to ensure the continuity of all bank activities and processes to serve customers in emergency events.

Compliance Risk

Compliance Risk is the risk of non-compliance with law, regulations and standards issued by domestic and international governing bodies. The Bank has established a designated Compliance department that monitors issues related to this risk through adopting a risk-based approach in identifying and classifying Compliance Risks, and establishing a database of all laws and regulations affecting the Bank's operations updated on a regular basis, to assist all department of the Bank, and to manage related Compliance Risks.

With regards to Anti-money Laundering, the Bank has in place policies and procedures approved by the Board of Directors that are in accordance with the Anti-money Laundering Law No. 46 of 2007 and its amendments, together with AML/CFT instructions issued by Central Bank of Jordan and international best practice in this regard to lessen and mitigate the risks involved with those transactions; the aim of which is to identify the procedures applicable and appropriate to financial transactions and to apply due diligence measures to identify preexisting and potential customers and to understand their legal and personal capacity and status and the ultimate beneficial owner and the ongoing monitoring and reviewing of such transactions during the period of the banking relationship.

The main achievements and activities during the year of 2012 were as follows:

- Adopting the risk-based approach in identifying and classifying Compliance Risks and customer-related risks in accordance with internationally recognised best practice in Compliance and Anti-money Laundering and combating terrorism financing
- Purchasing and implementing AML/CFT Software Solutions and building filter and business rules criteria for the solution in accordance with laws and regulations and internationally recognised best practice
- Delivering training to all of the Bank's staff through AML/CFT oriented workshops
- Enabling all AML/CFT department staff to obtain Certified Anti-money Laundering Specialist Certification
- Devising and implementing monitoring databases consisting of all financial and non-financial transactions which require enhanced due diligence, as well as monitoring exceptional reports to reflect any incompleteness or breaches to laws and regulations

The Bank gives a great deal of importance to proper corporate governance practices based on the principles of transparency and responsibility. The Bank follows sound professional practices that is in compliance with Central Bank of Jordan regulations, as well as the regulatory requirements of other countries in which it operates.
The presence of an effective, professional and independent Board of Directors is one of the most important requirements of sound corporate governance practices. The Board's primary role is to protect and enhance the shareholders' long-term value through the establishment of strategic direction and monitoring achieving the goals by the executive management.

The Bank's Board of Directors is composed of twelve members that were elected for a period of four years by the General Assembly during its meeting held on March 28, 2010. The members of the Board have a range of skills and experiences that increases the effectiveness of the Boards. All members of the Board are non-executive members.

To assist in carrying its duties, the Board of Directors have established several specialised committees, each with its own roles and duties:

Corporate Governance Committee

The Corporate Governance Committee is composed of the following members:
Mr. Yazid Al-Mufti (Chairman)
Mr. Nashat Al-Masri
Mr. Sharif Al-Saifi

The duties of the Committee include directing the preparation, updating and the implementation of the Bank's Corporate Governance Code.

Audit Committee

The Audit Committee is composed of the following non-executive members:
Mr. Ghassan Akeel (Chairman)
Dr. Bassam Al-Subaihi
Mr. Sharif Al-Saifi

The duties of the Committee include:
- Reviewing the financial statements before being presented to the Board of Directors, in addition to meeting with external auditors and making necessary recommendations
- Supervising internal audit activities, including reviewing the annual internal audit plan, and the internal audit reposts.
- Recommending to the Board of Directors with the accounting policies and practices of the Bank as well as reviewing all accounting issues that have a significant effect of the financial statements.
- Reviewing the Bank's internal controls and its adequacy through the reports of the internal audit department and the external auditors.
- Recommending to the Board of Directors 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.

The Audit Committee meets on a regular basis every three months, and also meets with the Head of Internal Audit Department, as well as the external auditors at least one time during the year without the presence of members of the executive management.

Risk Management Committee

The Risk Management Committee is composed of the following members:
Mr. Yazid Al-Mufti (Chairman)
Mr. Khaled Al-Masri
Mrs. Suhair Sayed

The duties of the Committee include:
- Reviewing Risk Management strategy before being approved by the Board, and assessing its effectiveness on a continuous basis.
- Ensuring the existence of policies and framework of risk management function, and reviewing it on a regular basis.
- Overseeing the Head of Risk Management and the annual plan of the division activities.
- Ensuring that the risk management function has adequate expertise and resources to fulfill its responsibilities.
- Reviewing assumptions used in risk measurement models.
- Overseeing the development of the risks database.
- Reviewing stress tests on Credit, Liquidity, Market and Operational Risks and approving contingency planning.
- Reviewing the reports of the Risk Management division
- Monitoring the Bank's preparation and implementation of Basel Committee requirements with respect to the Risk Management and measurement issues.
- Receiving regular reports from the Assets and Liabilities Committee
- Ensuring the existence of a business continuity plan and testing it on a regular basis.
- Reviewing and recommending to the Board, in conjunction with executive management, proposed aggregate loss limit targets for various risk categories (e.g. loan losses, market losses, operational losses), paying special attention to capital adequacy and liquidity requirements.

The Risk Management Committee meets at least four times a year, and submits reports to the Board of Directors on a regular basis. The General Manager, Deputy General Manager for Banking Operations, Deputy General Manager/Regional Manager of Palestine Branches, Head of Finance and Head of Risk Management attend its meetings.

Investment Committee

The Investment Committee is composed of the following members:
Mr. Yazid Al-Mufti (Chairman)
Mr. Khaled Al-Masri
Dr. Farouq Zuaiter

The Committee sets and reviews the Bank's investment policy and looks into new investment opportunities.

Real Estate Committee

The Real Estate Committee is composed of the following members:
Mr. Khaled Al-Masri (Chairman)
Mr. Ibrahim Abu Al-Ragheb
Mr. Yasin Al-Talhouni

The Committee reviews and approves management's real estate sales recommendation.

Nomination & Remuneration Committee

The Nomination and Remuneration Committee is composed of the following members:
Mr. Yazid Al-Mufti (Chairman)
Mr. Khaled Al-Masri
Mr. Mohammad Barakat

The duties of the Committee include:
- Setting the method to assess the effectiveness of the Board and its Committees.
- Making the determination of whether a Director is Independent, considering the minimum standards for independence set out in this code.
- Nominating board appointments to the General Assembly.
- Providing background briefing material for Directors as requested, as well as ensuring that they are kept up to date on relevant banking topics.
- The Nomination and Remuneration Comittee also recommends to the Board the remuneration, including monthly salary and other benefits of the General Manager, and reviews the bonuses and other remuneration of other executive management.
- Ensuring that the Bank has a remuneration policy sufficient to attract and retain qualified individuals and is in line with the Bank's peers in the market.

The Committee meets on a regular basis, and members of the executive management are invited to attend its meetings, if necessary.

Compliance Committee

The Compliance Committee is composed of the following non-executive members:
Mr. Arfan Ayass (Chairman)
Dr. Nashat Al-Masri
Mr. Yasin Al-Talhouni

The duties of the Committee include:
- Reviewing Compliance and Anti-money Laundering division strategy before being approved by the Board, and assessing its effectiveness on a continuous basis
- Ensuring the existence of policies and framework of the Compliance and Anti-money Laundering function, and reviewing it on a regular basis.
- Overseeing the Head of Compliance and Anti-money Laundering and the annual plan of the department activities.
- Ensuring that the Compliance and Anti-money Laundering function has adequate expertise and resources to fulfill its responsibilities.
- Reviewing the reports of the Compliance and Anti-money Laundering division.

The Audit Committee meets on a regular basis every three months, and the Head of Compliance and Anti-money Laundering Division is invited to attend its meetings.

Board of Directors as of December 31, 2012

Yazid Adnan Al-Mufit
Chairman of the Board
Member since: 1991
Date of birth: 27/3/1953
Academic Qualifications:
- Bachelor in Business Administration

Professional Experience:
- Chairman of the Board since 7/10/2012
- General Manager of Cairo Amman Bank from 1989 until October 2004
- Experience in banking through his work in Citibank
- Board member in many companies such as Zara Investment (Holding) Company, Palestine Development and Investment Company (PADICO) and Middle East Insurance Company

Mohammad Kamal Eddin Barakat
Vice Chairman
Member since: 2006
Date of birth: 9/4/1952
Academic Qualifications:
- Masters in Finance and Marketing
- Bachelor in Business

Professional Experience:
- Chairman of Banque Misr since December 2002
- Experience in banking for more than 30 years through his work as General Manager of Egyptian American Bank since 4/1980 to 2/1996; Deputy
- Chairman and CEO of Egyptian Gulf Bank from 3/1996 to 12/2002 and Chairman of Banque Du Caire from 9/2005 to 9/2011
- Chairman of Banque Misr Liban, Misr Capital Investments Co. and Egyptian Company for Real Estate Management and Investment
- Board member of Central Bank of Egypt for 8 years, and currently board member of Egyptian Banking Institute, Union of Arab Banks and Mastercard Middle East and Egypt Air Holding Company

Khaled Sabih Al-Masri
Member since: 1995
Date of birth: 19/2/1966
Academic Qualifications:
- Masters in Business Administration
- Bachelor in Computer Engineering
- Professional Experience:
- Chairman of the Bank from July 1999 to October 7, 2012
- Chief Executive Officer of the Bank from October 2004 until 31/12/2007
- Chairman of Jordan Himmeh Mineral Company
- Board member in several companies including Zara Investment (Holding) Company, Jordan Hotel and Tourism Company and Royal Jordanian Air Academy

Ibrahim Hussein Abu Al-Ragheb
Member since: 1991
Date of birth: 13/2/1945
Academic Qualifications:
- Bachelor in Business Administration
- Professional Experience:
- Chairman and General Manager of Arab Steel Manufacturing Company Various administrative experience

Yasin Khalil Al-Talhouni
Member since: 1998
Date of birth: 8/5/1973
Academic Qualifications:
- Bachelor in Economics

Professional Experience:
- Businessman
- Board member in various companies such as Zara Investment (Holding) Company, Jordan Hotel and Tourism Company, Jordan Project for Tourism Development and Jordan Electricity Company

Dr. Farouq Ahmad Zuaiter
Member since: 2002
Date of birth: 29/5/1936
Academic Qualifications:
- Ph.D in Accounting, Economics and Statistics
- Masters in Accounting
- Bachelor in Accounting

Professional Experience:
- Former CEO of Palestine Development and Investment Company (Padico)
- Financial and administrative experience through working as deputy CEO of Trust Company (Kuwait), deputy general manager and Projects Manager in Al-Sahel Development and Investment Company (Kuwait)
- Chairman of Hisham Hijjawi College of Technology
- Vice Chairman of Najah University board of trustees
- Former assistant professor in DePaul University and University of Chicago
- Board member of Palestine Telecommunication Company, Jordan Vegetable Oil Industries Company, Palestine Investment Bank and VTel Holding

Nashat Taher Al-Masri
Member since: 2002
Date of birth: 18/5/1971
Academic Qualifications:
- Masters in Public Policy
- Bachelor in Economics

Professional Experience:
- Partner in Foursan Group
- Worked as Vice President - Investment Banking in J.P. Morgan
- Board member in many companies such as Isra Investment Company, Siniora Food Industries, Aqaba Development Company and Royal Jordanian Air Academy.

Ghassan Ibrahim Akeel
Member since: 2002
Date of birth: 2/5/1968
Academic Qualifications:
- Masters in Business Administration
- Bachelor in Accounting
- Certified Public Accountant (CPA)

Professional Experience:
- Deputy General Manager of Astra Group – Saudi Arabia
- Experience in public accounting through his work as audit manager in big five accounting firm
- Board member of Astra Industrial Group (KSA), Vtel Holding Company, Arab Cooperative Insurance Company (KSA) and National Aviation Ground Support Company (KSA)

Suhair Sayed Ibrahim
Member since: 2007
Date of birth: 17/12/1938
Academic Qualifications:
- Masters in Accounting
- Diplomas in Finance, Banking Studies, and Accounting
- Bachelor in Accounting

Professional Experience:
- General Manager and member of the Management Committee of Banque Du Caire
- Experience in banking from working in various department in Banque Du Caire

Dr. Bassam Ali Al-Subaihi
Member since: 2009
Date of birth: 5/1/1962
Academic Qualifications:
- Ph.D. in Economics
- Masters in Business Administration
- Bachelor in Business Administration

Professional Experience:
- Head of Risk Management Department in the Social Security Corporation.
- Former lecturer at Coventry Technical College – UK
- Experience in audit, risk management and finance through his previous work in Social Security Corporation and other companies.

Sharif Mahdi Al-Saifi
Member since: 2010
Date of birth: 6/6/1972
Academic Qualifications:
- Masters in Marine Environmental Protection
- Bachelor of Science in Foreign Service

Professional Experience:
- Deputy General Manager/Partner Masar United Contracting Co.
- Former CEO of United Garment Manufacturing Co.
- Marine Park Manager of Aqaba Marine Park
- Operations Manager at Masar Contracting Co.
- Board Member The Queen Rania Excellence in Education Award
- Chairman of United Garment Manufacturing Co. Board member of VTEL Holding, South Coast Hotels Company and Itisaluna Iraq

Arfan Khalil Ayass
Member since: 2011
Date of birth: 23/11/1942
Academic Qualifications:
- Masters in Accounting
- Bachelor of Science in Accounting
- Certified Public Accountant (CPA)

Professional Experience:
- Chairman and General Manager of Blair (Lebanon)
- Experience in public accounting for more than 30 years in Lebanon and Saudi Arabia ended as managing partner in Ernst & Young (KSA).
- Board member and chairman of the audit committee of First National Bank (Lebanon), a member of the board and risk and audit committee of Al Ahli International Bank (Lebanon), member of the board of Banque de Crédit National and a member of the audit committee of the IMF in Washington D.C.

Executive Management as of December 31, 2012

Kamal Ghareeb Al-Bakri
General Manager
Date of hiring: 4/1/2003
Date of birth: 7/6/1969
Academic Qualifications:
- Bachelor in Law

Professional Experience:
- General Manager of the Bank since January 2008
- Experience in banking sector through his work as the Deputy General Manager of Cairo Amman Bank and previously as the Head of Legal Department and Legal Advisor
- Board member in several companies including Zara Investment (Holding) Company, Jordan Insurance Company and Jordan Tourist Transport Company (JETT)

Khaled Mahmoud Qasim
Deputy General Manager for Operations and Support Services
Date of hiring: 5/10/2008
Date of birth: 22/2/1963
Academic Qualifications:
- Masters in Business Administration
- Bachelor in Finance
- Holder of CIB certificate

Professional Experience:
- Extensive experience in the banking sector through his work in Jazeera Bank, Arab Bank, Cairo Amman Bank, Jordan National Bank and Kuwait National Bank

Rana Sami Sunna
Deputy General Manager for Banking Operations
Date of hiring: 15/8/1995
Date of birth: 12/8/1966
Academic Qualifications:
- Masters in Business Administration
- Bachelor in Accounting

Professional Experience:
- Deputy General Manager for Banking Operations since 12/2009
- Experience in the field of risk management through her work and the Manager of Risk Management Department in the Bank since 1998.
- Worked as the Head of local facilities department in the Central Bank of Jordan
- Board member in the Jordan Mortgage Refinancing Company

Qasim Mohammad Tawfeeq
Head of Internal Audit
Date of hiring: 11/3/2002
Date of birth: 27/1/1954
Academic Qualifications:
- Bachelor in Arabic
- Holder of ICFA, CERT.I.A, CAFC and CFE certificates

Professional Experience:
- Experience in banking sector and in internal audit through his work in Arab Bank from 1978 to 2002

Ghaddah Mohammad Nazzal
Head of Human Resources
Date of hiring: 16/3/2003
Date of birth: 25/8/1959
Academic Qualifications:
- Masters in Business Administration
- Bachelor in Human Resources

Professional Experience:
- Experience in human resources through her work as Human Resources Manager in Arab Banking Corporation (Jordan) and Jordan Projects for Tourism Development Company, and Administrative Development Manager in Arabtec-Jardaneh Company

Nizar Tayseer Mohammed
Head of Finance & Risk Management
Date of hiring: 11/4/2004
Date of birth: 11/8/1972
Academic Qualifications:
- Bachelor in Accounting
- Certified Public Accountant (CPA)
- Jordanian Certified Public Accountant (JCPA)

Professional Experience:
- Experience in public accounting through his work as audit manager in large public accounting firm
- Board member in Daman Investment Company and Jordan Vegetable Oil Industries Company

Hamed Ibrahim Kreishan
Head of Branches and Sales
Date of hiring: 10/1/2000
Date of birth: 22/10/1955
Academic Qualifications:
- Masters in Business Administration
- Bachelor in Aeronautical Engineering

Professional Experience:
- Experience in sales and marketing through his work in Coca Cola and Ahleya for Trading Centers Company

Omar Ahmad Yaqoub
Head of Information Technology
Date of hiring: 20/7/2004
Date of birth: 2/2/1957
Academic Qualifications:
- Bachelor in Business Administration
- Diploma in Information Technology

Professional Experience:
- Extensive experience in information technology in banks through his work as IT manager in Arab Banking Corporation (Jordan) and Jordan National Bank, and assistant manager in Arab Jordan Investment Bank.

Azmi Mohammad Owaidah
Head of Retail Banking
Date of hiring: 10/9/1996
Date of birth: 17/10/1964
Academic Qualifications:
- Bachelor in Accounting

Professional Experience:
- Experience in the field of credit in Banks through his work in Cairo Amman Bank and Jordan Kuwaiti Bank

Yazeed Sitan Ammari
Head of Corporate Credit
Date of hiring: 1/6/2006
Date of birth: 9/12/1965
Academic Qualifications:
- Masters in Finance
- Bachelor in Business Administration

Professional Experience:
- Experience in the field of credit in Banks through his work in Jordan National Bank, Amman Investment Bank and Arab Real-estate Bank

Naser Abdul Karim Al-Qudseh
Head of Engineering and Administration
Date of hiring: 7/1/2003
Date of birth: 20/11/1961
Academic Qualifications:
- Bachelor in Marketing and Sales

Professional Experience:
- Administrative experience through his work in Astra Group

Farouq Mohammad Amawi
Head of Compliance
Date of hiring: 5/3/2008
Date of birth: 31/10/1951
Academic Qualifications:
- Diploma in Business Administration

Professional Experience:
- Extensive experience in the banking sector through his work in Jordan National Bank, Arab Bank/Syria, Middle East Investment Bank and Arab Jordan Investment Bank

Reem Younis Eses
Head of Treasury
Date of hiring: 1/3/1990
Date of birth: 18/5/1964
Academic Qualifications:
- Masters in Economics
- Bachelor in Economics

Professional Experience:
- Experience in banking through her work in and as the Treasurer in the Bank since 1990
- Worked as a researcher in the Royal Scientific Society since 1997

Izzidin Rushdi Abu Salameh
Head of Operations
Date of hiring: 1/11/2009
Date of birth: 8/10/1971
Academic Qualifications:
- Masters in Business Administration
- Bachelor in English

Professional Experience:
- Experience in banking operations through working as Assistant Regional Manager/ Palestine Branches for operations and information technology since 2003
- Operations Manager in Standard Chartered / Palestine since 1995

Jan Shawkat Yadaj
Head of Business Support and Procedures
Date of hiring: 20/10/1990
Date of birth: 20/2/1968
Academic Qualifications:
- Bachelor in English

Professional Experience:
- Experience in banking since 1990 in the field of operations, branches and procedures

Omar Sarhan Aqel
Head of Documentation and Credit Control
Date of hiring: 15/2/1989
Date of birth: 17/5/1963
Academic Qualifications:
- Bachelor in Accounting

Professional Experience:
- Experience in banking in the field of operations, internal audit, documentation and credit control

Olginia Jamal Haddad
Head of SMEs and Palestine Credit
Date of hiring: 6/10/1990
Date of birth: 1/1/1969
Academic Qualifications:
- Bachelor in Finance

Professional Experience:
- Experience in the field of credit in the Bank

Mary Wade' Hanna
Secretary of the Board
Date of Hiring: 7/5/1960
Date of birth: 1/1/1943
Academic Qualifications:
- Diploma in Business

Professional Experience:
- Secretary of the Board since 1982
- Experience in banking since 1960 in the fields of human resources and administration

Directors' Shareholdings

	Nationality	2012	2011
Mr. Yazid Al-Mufti	Jordanian	1,136	1,136
Relatives shareholdings	Jordanian	25	-
Banque Misr	Egyptian	10,777,580	10,777,580
Mr. Mohammad Barakat	Egyptian	-	-
Relatives shareholdings	-	-	-
Mr. Khaled Al-Masri	Jordanian	5,000	5,000
Relatives shareholdings	-	-	-
Ishraq Investment Company	Jordanian	6,137	6,137
Mr. Ibrahim Abu Al-Ragheb	Jordanian	249,000	249,000
Relatives shareholdings	Jordanian	1,496	1,496
Levant Investment Company	Jordanian	5,000	5,000
Mr. Yasin Al-Talhouni	Jordanian	5,891,948	6,054,095
Relatives shareholdings	-	-	-
Palestine Development & Investment Co.	Liberian	2,266,437	2,266,437
Dr. Farouq Zuaiter	Jordanian	113,863	113,863
Relatives shareholdings	Jordanian	100,084	105,084
Al-Massira Investment Company	Jordanian	11,387,803	11,387,803
Mr. Arfan Ayass	Lebanese	-	-
Relatives shareholdings	-	-	-
Mr. Nashat Al-Masri	Jordanian	2,776	2,776
Relatives shareholdings	-	-	-
Arab Investment and Trade Company	Saudi Arabian	2,039,465	2,039,465
Mr. Ghassan Akeel	Jordanian	28,000	20,000
Relatives shareholdings	Jordanian	19,079	19,079
Social Security Corporation	Jordanian	5,790,843	5,790,843
Dr. Bassam Al-Subaihi	Jordanian	-	-
Relatives shareholdings	-	-	-
Misr Investment Company	Egyptian	1,331	1,331
Mrs. Suhair Sayed	Egyptian	-	-
Relatives shareholdings	-	-	-
Mr. Sharif Al-Saifi	Jordanian	223,047	223,047
Relatives shareholdings	Jordanian	78,805	69,305

Executives and Informed Employees Shareholdings

Name	Position	Nationality	2012		2011	
			Personal	Relatives	Personal	Relatives
Mr. Kamal Al-Bakri	General Manager	Jordanian	-	-	-	-
Mr. Khaled Qasim	Deputy GM for Operations and Support Services	Jordanian	-	-	-	-
Mrs. Rana Sunna	Deputy GM for Banking Operations	Jordanian	4,000	-	4,000	-
Mr. Qasim Tawfeeq	Head of Internal Audit	Jordanian	-	-	-	-
Miss Ghaddah Nazzal	Head of Human Resources	Jordanian	-	-	-	-
Mr. Nizar Mohammed	Head of Finance & Risk Management	Jordanian	600	300	1,310	650
Mr. Hamed Kreishan	Head of Branches and Sales	Jordanian	-	-	-	-
Mr. Omar Yaqoub	Head of Information Technology	Jordanian	-	-	-	-
Mr. Azmi Owaidah	Head of Retail Banking	Jordanian	-	-	-	-
Mr. Yazid Ammari	Head of Corporate Credit	Jordanian	-	-	-	-
Mr. Naser Qudseh	Head of Engineering and Administration	Jordanian	-	-	-	-
Mr. Farouq Amawi	Head of Compliance	Jordanian	-	-	-	-
Mrs. Reem Eses	Head of Treasury	Jordanian	-	-	-	-
Mr. Izzidin Abu Salameh	Head of Operations	Palestinian	-	-	-	-
Miss Jan Yadaj	Head of Business Support and Procedures	Jordanian	-	-	-	-
Mr. Omar Aqel	Head of Documentation and Credit Control	Jordanian	-	-	-	-
Mrs. Olginia Haddad	Head of SMEs	Jordanian	-	-	-	-
Miss Mary Hanna	Secretary of the Board of Directors	Jordanian	-	-	-	-

Shareholders with 5% or more ownership

	2012		2011	
	Shares	%	Shares	%
Al-Massira Investment Company	11,387,803	11.39	11,387,803	11.39
Banque Misr	10,777,580	10.78	10,777,580	10.78
Najwa Mohammad Madi	10,450,000	10.45	10,450,000	10.45
Yasin Khalil Al-Talhouni	5,891,948	5.89	6,054,095	6.05
Social Security Corporation	5,790,843	5.79	5,790,843	5.79
Hamzah Khalil Al-Talhouni	5,714,417	5.71	5,814,417	5.81
Sabih Taher Al-Masri	5,213,696	5.21	5,213,696	5.21

The ownership of Mr. Sabih Al-Masri Group represents 29.5% of the Bank's paid in capital
The ownership of Mr. Yasin Al- Talhouni Group represents 16.6% of the Bank's paid in capital

Board of Directors & Executive Management Remunerations during 2012

Name	BOD Bonus	Transportation	Travel	Salaries & Allowances
Board of Directors:				
Mr. Yazid Al-Mufit	5,000	9,000	-	-
Mr. Mohammad Barakat	5,000	-	19,009	-
Mr. Khaled Al-Masri	5,000	9,000	-	-
Mr. Ibrahim Abu Al-Ragheb	5,000	9,000	-	-
Mr. Yasin Al-Talhouni	5,000	9,000	-	-
Dr. Farouq Zuaiter	5,000	9,000	-	-
Mr. Ghassan Akeel	5,000	-	15,095	-
Mr. Nashat Al-Masri	5,000	9,000	-	-
Social Security Corporation	5,000	9,000	-	-
Mrs. Suhair Sayed	5,000	-	19,009	-
Mr. Shrif Al-Saifi	5,000	9,000	-	-
Mr. Arfan Ayass	5,000	-	15,180	-
Executive Management:				
Mr. Kamal Al-Bakri	-	-	-	308,816
Mr. Khaled Qasim	-	-	-	186,017
Mrs. Rana Sunna	-	-	-	161,456
Mr. Qasim Tawfeeq	-	-	-	122,704
Miss Ghaddah Nazzal	-	-	-	106,640
Mr. Nizar Mohammed	-	-	-	124,208
Mr. Hamed Kreishan	-	-	-	103,840
Mr. Omar Yaqoub	-	-	-	118,896
Mr. Azmi Owaidah	-	-	-	76,144
Mr. Yazid Ammari	-	-	-	93,376
Mr. Naser Qudseh	-	-	-	87,296
Mr. Farouq Amawi	-	-	-	99,872
Mrs. Reem Eses	-	-	-	96,192
Mr. Izzidin Abu Salameh	-	-	-	51,171
Miss Jan Yadaj	-	-	-	78,256
Mr. Omar Aqel	-	-	-	66,544
Mrs. Olginia Haddad	-	-	-	73,040
Total	60,000	72,000	68,294	1,954,468

*The Bank booked a provision for 2012 bonuses at JD 2,200,000 to be paid to the employees of the Bank in Jordan, including excecutive management, during 2013.

- The Bank does not rely on any particular vendors and/or customers that constitute 10% or more of the Bank's purchases and/or revenues.

- The Bank does not enjoy any privilege of governmental protection on any products or activities and did not receive any patents or franchises during 2012

- Government decisions during 2012 did not have any material effect on the Bank's operations.

- All activities and operations performed during 2012 were of a recurring nature and in line with the Bank's main activities. There were not extraordinary activities that had a significant financial effect during the year.

- Capital expenditures during 2011 were JD 6,778,997

- Audit fees for 2012 were JD 143,334 in addition to sales and value added taxes and distributed as follows:

	JD
Cairo Amman Bank	132,000
Awraq Investment	7,000
Al-Watanieh Securities	4,334
Total	143,334

Other consulting fees paid to the external auditors during the year amounted to JD 21,270

- Awraq Investment manages the Bank's portfolio in bonds and other instrument for an annual fee. The Bank did not have any other contracts, projects and commitments with subsidiary companies, Chairman and members of the Board of Directors except for regular banking operations that are fully disclosed in note 38 to the financial statement. Those transactions are made in accordance with Central Bank of Jordan regulations.

Statement from the Board of Directors

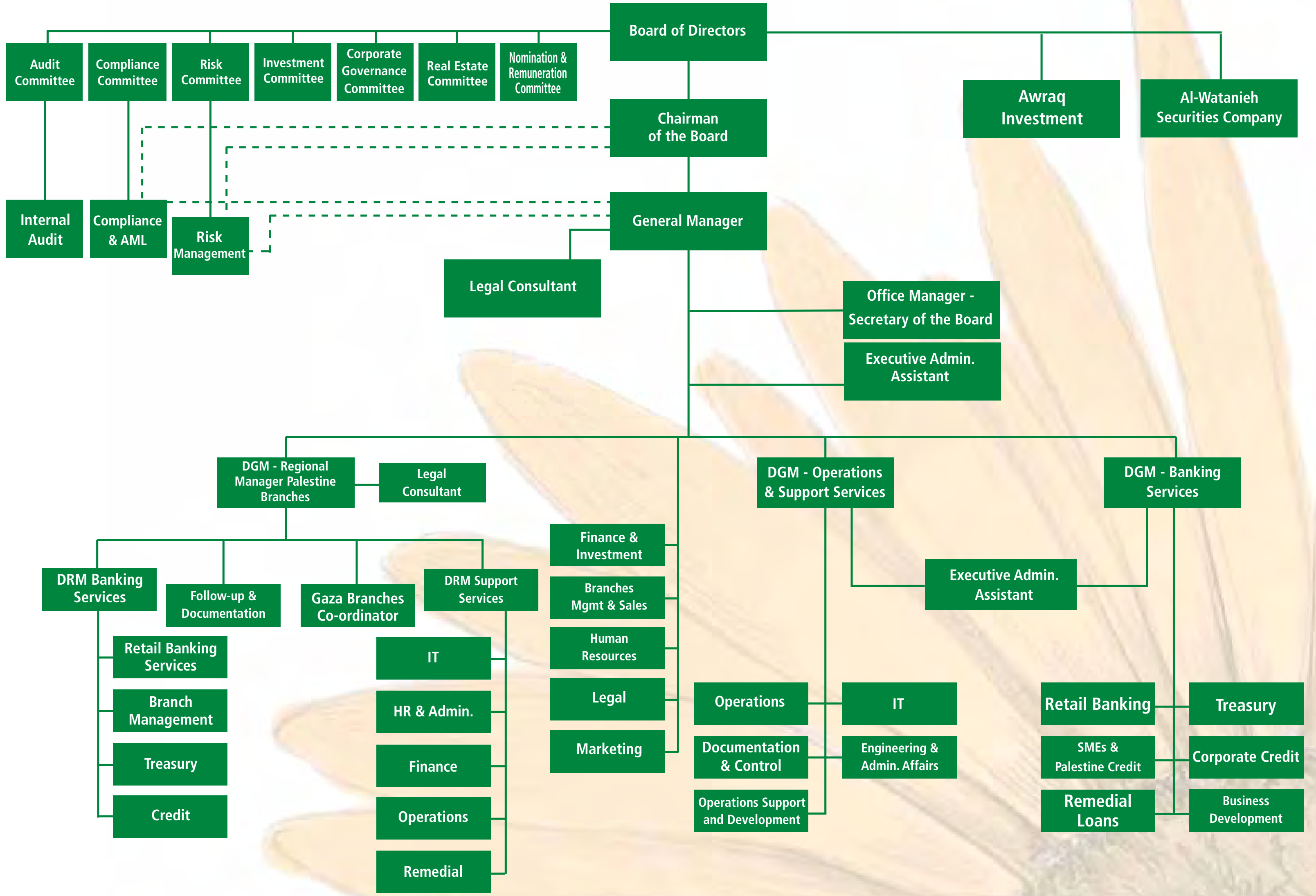
The Board of Directors affirms that according to its knowledge and beliefs, there are no significant issues, which would affect the sustainability of the Bank's operations during the next fiscal year of 2013.

The Board of Directors also acknowledges its responsibility for the preparation of the financial statements for the year 2012 noting that the Bank maintains an effective internal control structure.

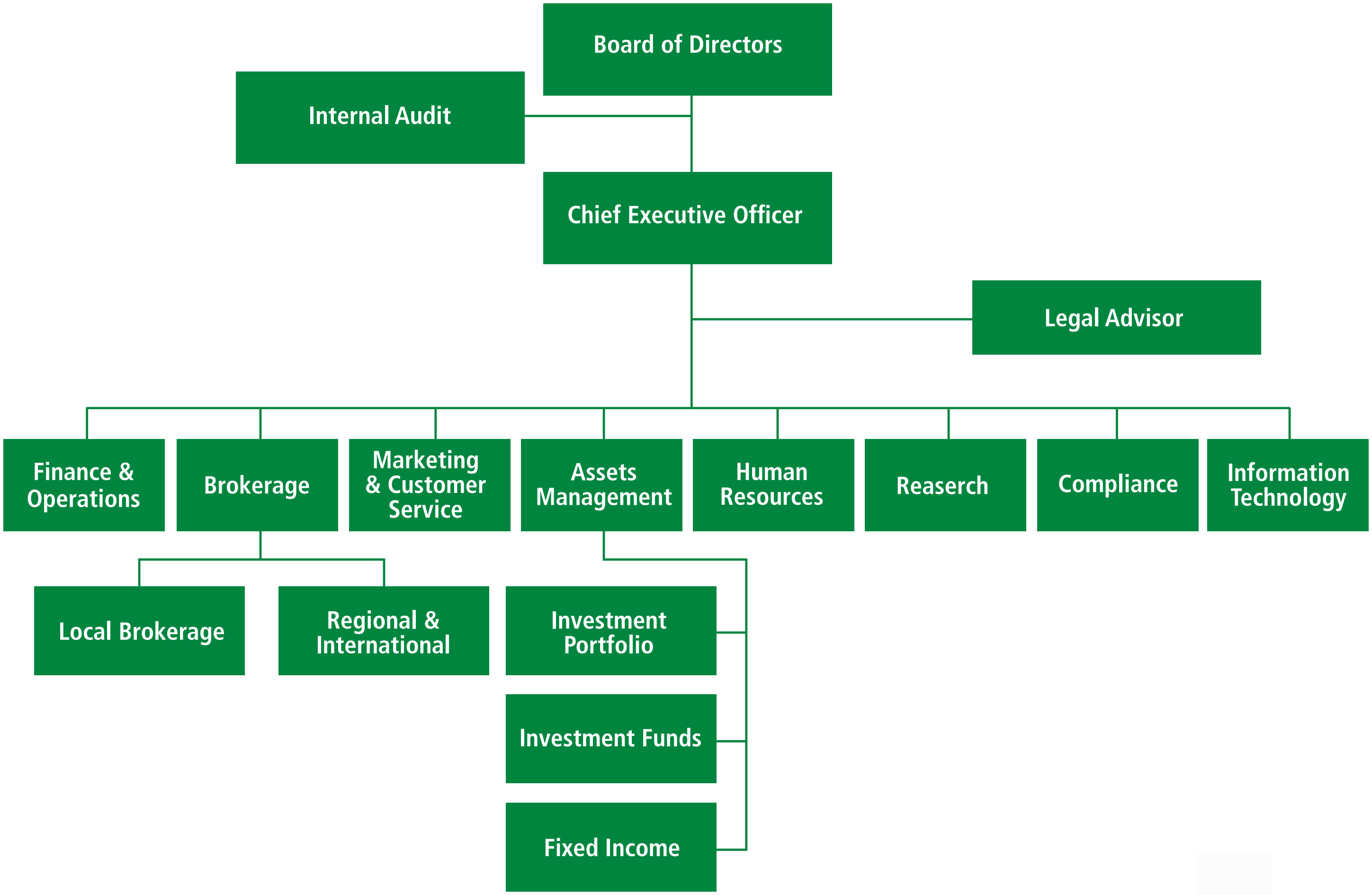
Chairman	**Vice Chairman**	
Yazid Adnan Al-Mufti	Mohamed Kamal Eldin Barakat	Khaled Sabih Al-Masri
Ibrahim Hussein Abu Al-Ragheb	Yasin Khalil Al-Talhouni	Dr. Farouq Ahmad Zuaiter
Nashat Taher Al-Masri	Ghassan Ibrahim Akeel	Suhir Sayed Ibrahim
Bassam Ali Al-Subaihi	Sharif Mahdi Al-Saifi	Arfan Khalil Ayass

The Chairman, General Manager and the Head of Finance acknowledge the accuracy and completeness of the information and financial data provided in the Annual Report.

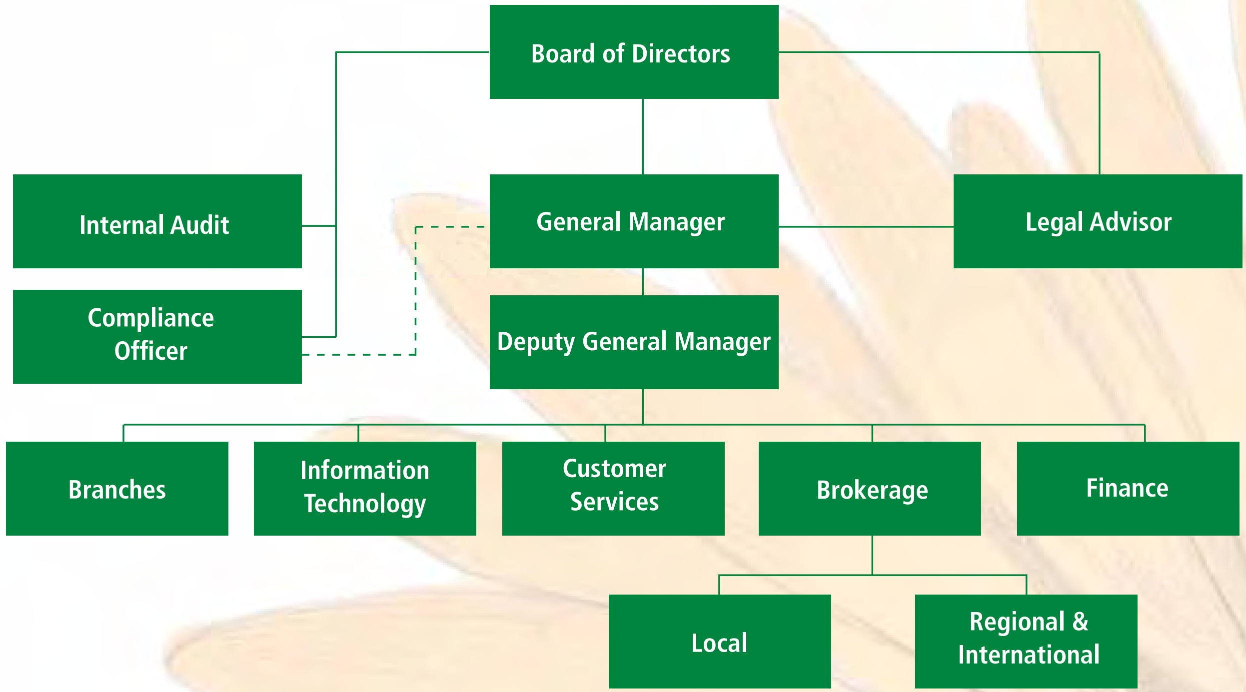
Chairman	**General Manager**	**Head of Finance**
Yazid Adnan Al-Mufti	Kamal Ghareeb Al-Bakri	Nizar Tayseer Mohammed


Board of Directors
Audit Committee
Compliance Committee
Risk Committee
Investment Committee
Corporate Governance Committee
Real Estate Committee
Nomination & Remuneration Committee
Awraq Investment
Al-Watanieh Securities Company
Chairman of the Board
Internal Audit
Compliance & AML
Risk Management
General Manager
Legal Consultant
Office Manager - Secretary of the Board
Executive Admin. Assistant
DGM - Regional Manager Palestine Branches
Legal Consultant
DRM Banking Services
Follow-up & Documentation
Gaza Branches Co-ordinator
DRM Support Services
Retail Banking Services
Branch Management
Treasury
Credit
IT
HR & Admin.
Finance
Operations
Remedial
Finance & Investment
Branches Mgmt & Sales
Human Resources
Legal
Marketing
DGM - Operations & Support Services
Operations
Documentation & Control
Operations Support and Development
IT
Engineering & Admin. Affairs
Executive Admin. Assistant
DGM - Banking Services
Retail Banking
SMEs & Palestine Credit
Remedial Loans
Treasury
Corporate Credit
Business Development

AWRAQ Investments



Al-Watanieh Securities Company



Consolidated Financial Statements

Annual Report 2012

Social Responsibility Initiatives During 2012

Madrasati Initiative
Suhem Secondary Schools for Girls Irbid - Bani Kenanah

Seeing the joy on the faces of orphans during Ramadan

Cairo Amman Bank Supporting Children with Cancer

ERNST & YOUNG

Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan

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

We have audited the accompanying financial statements of CAIRO AMMAN BANK (a public shareholding company) and its subsidiaries ("the Bank"), which comprise the consolidated statement of financial position as at 31 December 2012 and the consolidated income statement, the 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.

Board of Directors Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as of 31 December 2012 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on the legal and regulatory requirements

The Bank maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report.

Amman – Jordan
17 February 2013

Ernst + Young

Cairo Amman Bank
Consolidated Statement of Financial Position
As of 31 December 2012
(In Jordanian Dinars)

	Notes	2012	2011
Assets			
Cash and balances with Central Banks	4	211,280,174	131,887,099
Balances at banks and financial institutions	5	189,873,760	287,130,970
Deposits at banks and financial institutions	6	18,500,000	3,500,000
Financial assets at fair value through profit or loss	7	26,858,142	24,640,456
Financial assets at fair value through other comprehensive income	8	26,593,505	25,910,213
Direct credit facilities	9	1,007,336,799	947,589,993
Financial assets at amortised cost	10	358,681,442	437,338,326
Financial assets pledged as collateral	11	108,360,282	3,000,000
Property and equipment	12	34,595,419	36,455,613
Intangible assets	13	7,313,881	6,213,805
Deferred tax assets	20	435,380	-
Other assets	14	34,507,030	36,696,786
Total Assets		2,024,335,814	1,940,363,261
Liabilities and Equity			
Liabilities			
Banks and financial institutions' deposits	15	98,758,619	170,128,471
Customers' deposits	16	1,400,325,209	1,375,134,365
Margin accounts	17	41,973,787	47,423,112
Loans and borrowings	18	172,942,224	62,224,224
Sundry provisions	19	11,818,493	11,803,397
Income tax liabilities	20	23,064,940	22,621,983
Deferred tax liabilities	20	2,012,463	2,270,355
Other liabilities	21	32,203,322	25,187,001
Total Liabilities		1,783,099,057	1,716,792,908
Equity			
Paid in capital	22	100,000,000	100,000,000
Statutory reserve	23	42,947,195	37,749,106
Voluntary reserve	23	1,321,613	1,321,613
Other reserves	23	13,922,382	12,468,759
Fair value reserve (net)	24	3,085,785	3,850,718
Retained earnings	25	79,959,782	68,180,157
Total Equity		241,236,757	223,570,353
Total Liabilities and Equity		2,024,335,814	1,940,363,261

The accompanying notes from 1 to 49 are an integral part of these financial statements

Cairo Amman Bank
Consolidated Income Statement
For the Year Ended 31 December 2012
(In Jordanian Dinars)

	Notes	2012	2011
Interest income	27	124,989,406	111,438,690
Interest expense	28	38,305,983	30,669,937
Net interest income		86,683,423	80,768,753
Net commission income	29	19,342,183	19,283,958
Net interest and commission income		106,025,606	100,052,711
Other income			
Gain from foreign currencies	30	2,591,264	3,121,113
Net gain from financial assets at fair value through profit or loss	31	1,214,303	5,843,275
Dividends from financial assets at fair value through other comprehensive income	32	989,171	870,151
Gain from financial assets at amortised cost		68,188	1,626,985
Other income	33	3,600,666	3,703,217
Gross profit		114,489,198	115,217,452
Employees' expenses	34	32,680,628	31,887,317
Depreciation and amortisation		7,492,960	7,519,801
Other expenses	35	19,549,241	18,634,554
Impairment loss on direct credit facilities	9	3,373,406	1,707,073
Impairment loss on financial assets at amortised cost	10	-	141,800
Sundry provisions	19	1,040,587	4,402,312
Total expenses		64,136,822	64,292,857
Profit before tax		50,352,376	50,924,595
Income tax expense	20	15,066,202	14,328,181
Profit for the year		35,286,174	36,596,414
		JD/Fils	JD/Fils
Basic and diluted earnings per share	36	0/353	0/366

The accompanying notes from 1 to 49 are an integral part of these financial statements

Cairo Amman Bank
Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2012
(In Jordanian Dinars)

	2012	2011
Profit for the year	35,286,174	36,596,414
Other comprehensive income, net of tax:		
Net movement in fair value reserve	(619,770)	(2,517,908)
Gain from sale of financial assets at fair value through other comprehensive income	-	429,926
Total Comprehensive income for the year	34,666,404	34,508,432

The accompanying notes from 1 to 49 are an integral part of these financial statements

Cairo Amman Bank
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2012
(In Jordanian Dinars)

	Paid in Capital	Reserves				Fair Value Reserve	Cumulative changes in fair values	Retained earnings	Total Equity
		Statutory	Volun-tary	General Banking Risk	Cyclical				
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2012 -									
Balance as of 1 January 2012	100,000,000	37,749,106	1,321,613	10,150,000	2,318,759	3,850,718	-	68,180,157	223,570,353
Dividends paid	-	-	-	-	-	-	-	(17,000,000)	(17,000,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(145,163)	-	145,163	-
Total comprehensive income for the year	-	-	-	-	-	(619,770)	-	35,286,174	34,666,404
Transferred to reserves	-	5,198,089	-	550,000	903,623	-	-	(6,651,712)	-
Balance as of 31 December 2012	100,000,000	42,947,195	1,321,613	10,700,000	3,222,382	3,085,785	-	79,959,782	241,236,757
2011 -									
Balance as of 1 January 2011	100,000,000	33,054,599	1,321,613	8,883,860	1,040,187	-	24,903,151	36,722,851	205,926,261
Effect of implementation of IFRS 9	-	-	-	-	-	6,368,626	(24,903,151)	16,670,185	(1,864,340)
Restated Balance as of 1 January 2011	100,000,000	33,054,599	1,321,613	8,883,860	1,040,187	6,368,626	-	53,393,036	204,061,921
Dividends paid	-	-	-	-	-	-	-	(15,000,000)	(15,000,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(429,926)	-	429,926	-
Total Comprehensive income for the year	-	-	-	-	-	(2,087,982)	-	36,596,414	34,508,432
Transferred to reserves	-	4,694,507	-	1,266,140	1,278,572	-	-	(7,239,219)	-
Balance as of 31 December 2011	100,000,000	37,749,106	1,321,613	10,150,000	2,318,759	3,850,718	-	68,180,157	223,570,353

- The general banking risk reserve and the credit balance of fair value reserve is restricted from use without a prior approval from Central Bank of Jordan.
- As of 31 December 2012, the unrealised gains included in retained earnings and resulting from the early implementation of IFRS 9 amounted to JD 14,859,280. This amount is not available for distribution.
- The retained earnings include deferred tax assets amounted to JD 435,380 and is restricted from use as per the Central Bank of Jordan instructions.

The accompanying notes from 1 to 49 are an integral part of these financial statements

Cairo Amman Bank
Consolidated Statement of Cash Flows for the Year Ended 31 December 2012 (In Jordanian Dinars)

	Notes	2012	2011
Operating Activities			
Profit before income tax		50,352,376	50,924,595
Adjustments for -			
Depreciation and amortisation		7,492,960	7,519,801
Impairment loss on direct credit facilities		3,373,406	1,707,073
Impairment loss on financial assets at amortised cost		-	141,800
Sundry provisions		1,040,587	4,402,312
Unrealised loss ffrom financial assets at fair value through profit or loss		734,686	205,806
Gain from sale of property and equipment		(40,581)	(89,299)
Impairment of repossessed properties		-	30,725
Gain from sale of repossessed properties		(72,905)	(167,626)
Effect of exchange rate changes on cash and cash equivalents		(2,229,060)	(2,652,483)
Operating profit before changes in operating Assets and Liabilities		60,651,469	62,022,704
Changes in Assets and Liabilities -			
Decrease (Increase) in deposits at banks and financial institutions maturing after more than three months		(15,000,000)	120,674,750
(Increase) decrease in financial assets at fair value through profit or loss		(2,952,372)	208,614
Increase in direct credit facilities		(63,120,212)	(126,192,461)
Decrease in other assets		2,262,661	7,464,265
Increase (decrease) in banks and financial institution deposits maturing after more than three months		(7,000,000)	3,455,000
Increase in customers' deposits		25,190,844	39,284,993
(Decrease) increase in margin accounts		(5,449,325)	2,881,476
Sundry provisions paid		(1,025,491)	(1,972,303)
Increase (decrease) in other liabilities		7,016,321	(5,371,512)
Net cash from operating activities before income tax		573,895	102,455,526
Income tax paid		(15,120,795)	(14,401,383)
Net cash (used in) from operating activities		(14,546,900)	88,054,143
Investing Activities			
Purchase of financial assets at fair value through OCI		(2,007,185)	(1,945,916)
Sale of financial assets at fair value through OCI		508,401	475,832
Purchase of financial assets at amortised cost		(275,501,468)	(111,108,490)
Sale of financial assets at amortised cost		248,798,070	36,984,407
Proceeds from sale of property and equipment		86,736	195,159
Purchase of property and equipment		(4,516,135)	(5,371,175)
Purchase of intangible assets		(2,262,862)	(3,153,944)
Net cash used in investing activities		(34,894,443)	(83,924,127)
Financing Activities			
Dividends paid		(17,000,000)	(15,000,000)
Increase in loans and borrowings		121,418,000	2,700,000
Payments from loans and borrowings		(10,700,000)	-
Net cash (used in) from financing activities		93,718,000	(12,300,000)
Effect of exchange rate changes on cash and cash equivalents		2,229,060	2,652,483
Net increase (decrease) in cash and cash equivalents		46,505,717	(5,517,501)
Cash and cash equivalents, beginning of the year		248,799,598	254,317,099
Cash and cash equivalents, end of the year	37	295,305,315	248,799,598

The accompanying notes from 1 to 49 are an integral part of these financial statements

Cairo Amman Bank
Notes to the Consolidated Financial Statements
31 December 2012
(In Jordanian Dinars)

(1) General Information

The Bank is a public shareholding company registered and incorporated in Jordan during 1960 in accordance with the Companies Law No. (12) of 1964. Its registered office is in Amman, Jordan.

The Bank provides its banking services through its main branch located in Amman and through its 84 branches in Jordan, 21 branches in Palestine, and its subsidiaries.

The Bank is listed on the Amman Stock Exchange.

The financial statements were authorised for issue by the Bank's Board of Directors on January 2013 and on 17 February 2013. These financial statements require the General Assembly's approval.

(2) Significant Accounting Policies

The significant accounting policies adopted in the preparation of the financial statements are set out below:

Basis of Preparation

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 a historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value.

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

Changes in Accounting Policies

The Bank's accounting policies are consistent with those used in the previous year except for the following:

The adoption of the amendments is described below:

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis.

The amendment is effective for annual periods beginning on or after 1 January 2012 and has been no effect on the Bank's financial position, performance or its disclosures.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Bank does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

Summary of Significant Accounting Policies:

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries, being those entities under the control of the Bank. Control is achieved where the Bank has the power to control the operating and financial decisions of the subsidiaries to get benefit from their operations. Inter-company balances and transactions are eliminated between the Bank and the subsidiaries.

- Al-Watanieh for Financial Services Company – Jordan (established 1992): Owned 100% by the Bank, with a paid-up capital of JD 5,000,000 as of 31 December 2012. The company's main activity is investment brokerage.

- Al-Watanieh Securities Company – Palestine (established 1995): Owned 100% by the Bank, with a paid-up capital of JD 1,500,000 as of 31 December 2012. The company's main activity is investment brokerage.

- No consolidation has been made of the financial statements of Cairo Real Estate Company – LL-Jordan, of which the Bank owns 100% of the paid-up capital of JD 50,000 as of 31 December 2012, due to the fact that on July 31, 2002 all Assets and Liabilities of the company were transferred to the Bank. The Bank is in the process of completing legal procedures to liquidate the company.

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 on their financial statements in order to comply with those of the Bank.

Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the date of acquisition or up to the date of disposal, as appropriate.

If separate financial statements are prepared for the Bank, the investments in subsidiaries will be shown at cost in the Balance Sheet.

Segmental Reporting

Business segments represent distinguishable components of the Bank that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments and are measured in accordance with the requests sent to the chief operating decision maker.

Geographical segments are associated to products and services provided within a particular economic environment, which are subject to risks and rewards that are different from those of other economic environments.

Financial assets at amortised cost:

a- Financial assets are measured at amortised 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; and

b- Debts instruments meeting these criteria are initially measured at amortised cost plus transaction costs. Subsequently they are amortised using the effective interest rate method, less allowance for impairment. The losses arising from impairment are recognised in the Income Statement.

c- 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.

d- It is not permitted to reclassify assets to or from this category except in certain circumstances determined in IFRS 9.

e- If these assets are sold before maturity date, gain or loss from sale is recorded in the Income Statement.

Financial assets at fair value through profit or loss:

a- The debt instruments that are not consistent with the business model of financial assets carried at amortised cost or those that the Bank chose to classify them at fair value through profit or loss are measured at fair value through profit and loss.

b- Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the statement of income at the date of transaction. 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 recognised in the Income Statement. When these assets or portion of these assets are sold, the gain or loss arising are recorded in the Income Statement.

c- Dividend and interest income are recorded in the Income Statement.

d- It is not permitted to reclassify assets (to/or) from this category except in certain circumstances determined in IFRS 9.

Financial assets at fair value through other comprehensive income:

a- Equity investments that are not held for sale in the near future.

b- 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 recognised in other comprehensive income in the statement of changes in equity. The gain or loss on disposal of the asset is reclassified from fair value through other comprehensive income reserve to retained earnings.

c- These financial assets are not subject to impairment testing.

d- Dividend income is recognised in the statement of income.

e- It is not permitted to reclassify assets (to/or) from this category except in certain circumstances determined in IFRS 9.

Direct Credit Facilities

Direct Credit Facilities are financial assets with fixed and determined payments provided or granted by the Bank and do not have any market value in active market and measured at amortised cost.

Impairment of Direct Credit Facilities is recognised in the allowance for credit losses when collection of amounts due to the Banks are not probable and when events occur after the initial recognition of the 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 Income Statement.

Interest and commission arising on non-performing facilities is suspended when loans become impaired according to the Central Bank of Jordan's regulations.

Loans and the related allowance for credit losses are written off when collection procedures become ineffective. The excess in the allowance of possible loan losses, if any, is transferred to the statement of income, and cash recoveries of loans that were previously written off are credited to the Income Statement.

Fair Value

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For financial instruments where there is no active market, fair value is normally based on one of the following methods:
- Comparison with the current market value of a highly similar financial instrument.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Option pricing models.

The objective of the valuation method is to show a fair value that reflects market expectations.

Impairment of Financial Assets

The Bank assesses at each Balance Sheet date 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 Income Statement.

Impairment is determined as follows:

- For assets carried at amortised 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 Income Statement. If in a subsequent period, the amount of the impairment loss decreases, the carrying value of the asset is increased to its recoverable amount.

Property and equipment

Property and equipment is measured at cost less accumulated depreciation and accumulated impairment in value. Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. Depreciation rates used are as follows:

	%
Building	2
Equipment and furniture	9-15
Vehicles	15
Computers	20

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the Income Statement.

Useful life for property and equipment is reviewed every year. If expected useful life is different from the previous one, the difference is recorded in the current and subsequent periods as a change in accounting estimate.

Elimination at the property and equipment happens when the asset is disposed of there is no future benefits from using it.

Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) the date at the financials arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Employees End of Service Indemnity

Provision for end of service indemnity is established by the Bank to face any legal or contractual obligations at the end of employees' services and is calculated based on the service terms as of the financial statements date.

Income Tax

Tax expense comprises current tax and deferred taxes.

Current tax is based on taxable profits, which may differ from accounting profits published in the Income Statement. Accounting profits may include non-taxable profits or non deductible expenses which may be exempted in the current or subsequent financial years or accumulated losses that are acceptable as a tax deductions or items that are non taxable or not deductable for tax purposes.

Tax is calculated based on tax rates and laws that are applicable in the countries of operation.

Deferred tax is provided on temporary differences at the Balance Sheet date between the tax bases of Assets and Liabilities and their carrying amounts for financial reporting purposes. Deferred tax Assets and Liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on laws that have been enacted or substantially enacted at the Balance Sheet date.

The Bank calculates the deferred tax in accordance with IAS12.

Fiduciary Assets

Assets held in a fiduciary capacity are not recognised as assets of the Bank. Allowances for impairment are recorded for capital guaranteed portfolios that are managed on behalf of clients. Fees and commissions received for administering such assets are recognised in the Income Statement.

Offsetting

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

Derivatives and Hedge Accounting

For hedge accounting purposes, derivative instruments are fair valued and hedges 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 recognised assets or liabilities that is attributable to a particular risk.

For designated and qualifying fair value hedges, the change in the fair value of a hedging derivative is recognised in the Income Statement. 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 recognised in the Income Statement.

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 recognised asset or liability.

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in equity, and is subsequently transferred to the Income Statement in the period in which the hedged cash flows affect 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 recognised directly in equity, while the ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the Income Statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to the Income Statement.

For hedges that become ineffective, gains or losses resulting from the change in fair value of the hedge instrument is recognised directly in the Income Statement.

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 recorded at fair value in the Balance Sheet. Fair value is determined by reference to current market prices. In case such prices were not available, the method of valuation is stated. Changes in fair value are transferred to the Income Statement.

Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognised in the Bank's financial statements due to the Bank's continuing exposure to the risks and rewards of these assets, using the same accounting policies.

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

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

Pledged Financial Assets as Collateral

These are the financial assets that are pledged for other parties, and the other parties have the right to control the asset (sell or re-pledge). These financial assets continues to be valued using the same accounting policies and classification.

Revenue and Expense Recognition

Interest income is recorded 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 recognised in the Income Statement.

Expenses are recognised on an accrual basis.

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

Trade Date Accounting

Sale or purchase of financial assets is recognised at the trade date, i.e. the date that the Bank commits to purchase or sell the asset.

Assets Repossessed by the Bank Against Non-performing Loans

Assets repossessed by the Bank through calling upon collateral are shown in the Balance Sheet under "other assets" at the lower of their carrying value or fair value. Assets are revalued at the Balance Sheet date on an individual basis and losses from impairment are transferred directly to the Income Statement, while revaluation gains are not recognised 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 recognised for the asset in prior years.

Intangible assets

Intangible assets acquired through a business combination are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

Intangible assets are classified on the basis of their useful life as definite and indefinite useful lives. Intangible assets with finite lives are amortised over the useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired.

Internally generated intangible assets are not capitalised and are expensed in the Income Statement.

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

Intangible assets include computer software and programmers. These intangibles are amortised evenly over their estimated useful economic life of five years.

Foreign Currencies

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling 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 Balance Sheet date as issued by Central Bank of Jordan. Any gains or losses are taken to the Income Statement.

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.

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.

Upon the consolidation of the financial statements at the reporting date, the Assets and Liabilities of foreign subsidiaries and overseas branches are translated into the Bank's presentation currency at the rate of exchange ruling at the Balance Sheet date, and their Income Statements are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken directly to a separate component of equity. On disposal of an entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is transferred to the Income Statement.

Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand and cash balances with 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 financial statements requires management to make estimates and assumptions that affect the reported amounts of financial Assets and Liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgement by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty and actual results may differ resulting in future changes in such provisions.

The management believes that their estimates are reasonable:

- Allowance for credit losses: The Bank reviews and provides for its loan portfolios according to the Central Bank of Jordan regulations and IFRS.
- Impairment losses on the valuation of possessed real estate properties are determined based on appraisal reports prepared by certified appraisers and reviewed periodically.
- The income tax provision is calculated based on the applications of relevant laws.
- Management periodically revaluates the useful lives of tangible and intangible assets in order to assess the amortisation and depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the Income Statement.
- Legal provisions are provided for lawsuits raised against the Bank based on the Bank's legal advisors' opinion.

(4) Cash and Balances with Central Banks

	2012	2011
	JD	JD
Cash on hand	45,604,338	41,037,801
Balances at Central Banks:		
Current and demand deposits	80,907,608	5,819,280
Time and notice deposits	7,444,500	12,444,500
Statutory cash reserve	77,323,728	72,585,518
	211,280,174	131,887,099

In addition to the statutory cash reserve held at Central Banks, restricted balances amounted to JD 7,090,000 as of 31 December 2012 (2011: JD 7,090,000).

(5) Balances at Banks and Financial Institutions

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2012 JD	2011 JD	2012 JD	2011 JD	2012 JD	2011 JD
Current and demand deposits	296,142	2,321,079	19,720,261	21,736,535	20,016,403	24,057,614
Deposits maturing within 3 months	63,388,006	142,315,807	106,469,351	120,757,549	169,857,357	263,073,356
	63,684,148	144,636,886	126,189,612	142,494,084	189,873,760	287,130,970

Non-interest bearing balances at banks and financial institutions amounted to JD 20,016,403 as of 31 December 2012 (2011: JD 21,194,536).

There are no restricted balances as of 31 December 2012 and 2011.

(6) Deposits at Banks and Financial Institutions

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2012 JD	2011 JD	2012 JD	2011 JD	2012 JD	2011 JD
Deposit maturing within						
More than 3 to 6 months	15,000,000	-	3,500,000	3,500,000	18,500,000	3,500,000
More than 6 to 9 months	-	-	-	-	-	-
More than 9 to 12 months	-	-	-	-	-	-
	15,000000	-	3,500,000	3,500,000	18,500,000	3,500,000

- There are no restricted balances as of 31 December 2012 and 2011.

(7) Financial Assets at Fair Value Through Profit or Loss

	2012 JD	2011 JD
Quoted Equities	25,012,328	22,928,930
Bonds	111,245	-
Funds	1,734,569	1,711,526
Total	26,858,142	24,640,456

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

	2012 JD	2011 JD
Quoted Investments		
Quoted Equities	25,876,821	25,261,478
Total Quoted Investments	25,876,821	25,261,478
Unquoted Investments		
Quoted Equities	716,684	648,735
Total Unquoted Investments	716,684	648,735
Total	26,593,505	25,910,213

Realised gains transferred to retained earnings as a result of the sale of financial assets at fair value through other comprehensive income amounted to JD 145,163.

Dividends from financial assets at fair value through other comprehensive income amounted to JD 989,171.

(9) Direct Credit Facilities

	2012	2011
	JD	JD
Consumer Lending		
Overdrafts	7,166,317	7,286,517
Loans and Bills*	540,883,927	487,882,144
Credit Cards	10,199,715	10,337,775
Others	6,018,584	6,915,578
Residential Mortgages	128,094,176	123,994,676
Corporate Lending		
Overdrafts	64,046,782	61,519,982
Loans and Bills*	119,902,929	150,276,944
Small and Medium Enterprises Lending "SMEs"		
Overdrafts	18,960,249	19,823,858
Loans and Bills*	30,774,674	30,630,027
Lending to Governmental Sectors	138,057,561	104,686,198
Total	1,064,104,914	1,003,353,699
Less: Suspended Interest	(10,994,072)	(10,528,884)
Less: Allowance For Impairment Losses	(45,774,043)	(45,234,822)
Direct Credit Facilities, Net	1,007,336,799	947,589,993

*Net of interest and commissions received in advance of JD 7,228,384 as of 31 December 2012 (2011: JD 7,909,985).

As of 31 December 2012, non-performing credit facilities amounted to JD 58,563,507 (2011: JD 58,288,553), representing 5.50% (2011: 5.81%) of gross facilities granted.

As of 31 December 2012, non-performing credit facilities, net of suspended interest, amounted to JD 47,630,071 (2011: JD 47,956,902), representing 4.52% (2011: 4.83%) of gross facilities granted after excluding the suspended interest.

As of 31 December 2012, credit facilities granted to the Government of Jordan amounted to JD 53,855,727 (2011: JD 48,717,355), representing 5,06% (2011: 4,86%) of gross facilities granted.

As of 31 December 2012, credit facilities granted to the public sector in Palestine amounted to JD 51,583,984 (2011: JD 42,330,087), representing 4.85% (2011: 4.22%) of gross facilities granted.

A reconciliation of the allowance for impairment losses for direct credit facilities by class is as follows:

	Consumer	Residential mortgages	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
2012-					
As of 1 January 2012	22,320,080	565,674	20,261,874	2,087,194	45,234,822
Charge for the Year	2,021,881	146,568	751,028	453,929	3,373,406
Amounts written off	(1,037,416)	-	(1,509,520)	(224,652)	(2,771,588)
Revaluation difference	(62,597)	-	-	-	(62,597)
As of 31 December 2012	23,241,948	712,242	19,503,382	2,316,471	45,774,043
Specific impairment on Individual loans	18,171,098	693,170	19,396,393	2,287,602	40,548,263
Watch list	274,547	19,072	106,989	28,869	429,477
Collective impairment	4,796,303	-	-	-	4,796,303
As of 31 December 2012	23,241,948	712,242	19,503,382	2,316,471	45,774,043
2011-					
As of 1 January 2011	28,439,784	452,524	13,596,656	1,795,897	44,284,861
Charge (surplus) for the year	(5,366,194)	113,150	6,665,218	294,899	1,707,073
Amounts written off	(662,748)	-	-	(3,602)	(666,350)
Revaluation difference	(90,762)	-	-	-	(90,762)
As of 31 December 2011	22,320,080	565,674	20,261,874	2,087,194	45,234,822
Specific impairment on Individual loans	17,808,142	534,269	20,158,473	2,064,354	40,565,238
Watch list	184,826	31,405	103,401	22,840	342,472
Collective impairment	4,327,112	-	-	-	4,327,112
As of 31 December 2011	22,320,080	565,674	20,261,874	2,087,194	45,234,822

Allowance for impairment related to non-performing credit facilities that were settled or collected amounted to JD 3,850,478 during 31 December 2012 (2011: JD 4,660,046).

A reconciliation of suspended interest on direct credit facilities by class is as follows:

	Consumer	Residential mortgages	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
2012-					
As of 1 January 2012	4,836,561	48,330	4,681,387	962,606	10,528,884
Add: Suspended interest during the year	364,428	-	684,775	45,359	1,094,562
Less: Amount transferred to income on recovery	(187,331)	(13,178)	-	-	(200,509)
Less: Amounts written off	(213,473)	(9,035)	(99,931)	(106,426)	(428,865)
As of 31 December 2012	4,800,185	26,117	5,266,231	901,539	10,994,072
2011-					
As of 1 January 2011	4,821,309	49,376	4,967,089	1,066,523	10,904,297
Add: Suspended interest during the year	317,538	-	110,710	116,213	544,461
Less: Amount transferred to income on recovery	(227,593)	(1,046)	(252,085)	(172,773)	(653,497)
Less: Amounts written off	(74,693)	-	(144,327)	(47,357)	(266,377)
As of 31 December 2011	4,836,561	48,330	4,681,387	962,606	10,528,884

(10) Financial Assets at Amortised Cost

	2012	2011
	JD	JD
Quoted Investments		
Treasury Bills	1,752,536	1,745,491
Corporate Debt Securities	20,236,531	26,552,764
Total Quoted Investments	21,989,067	28,298,255
Unquoted Investments		
Treasury Bills	283,668,554	288,485,054
Government Debt Securities	35,147,968	81,737,869
Corporate Debt Securities	17,987,050	38,915,621
Other Debt Securities	30,603	43,327
Impairment Losses	(141,800)	(141,800)
Total Unquoted Investments	336, 692,375	409,040,071
Total Financial Assets at Amortised Cost	358,681,442	437,338,326
Analysis Of Debt Instruments		
Fixed Rate	357,086,192	424,070,101
Floating Rate	1,595,250	13,268,225
Total	358,681,442	437,338,326

(11) Financial Assets Pledged as Collateral

	2012		2011	
	Financial assets pledged as collateral	Related financial liabilities	Financial assets pledged as collateral	Related financial liabilities
	JD	JD	JD	JD
Financial asset at amortised cost	108,360,282	106,418,000	3,000,000	2,700,000

These bonds were collateralised against the repo agreement with the Central Bank of Jordan which agreement amounted to JD 96,178,000, industrial financing from JBJ, which amounted to JD 240,000 and Jordan mortgage refinance company loan, which amounted to JD 10,000,000.

(12) Property and Equipment

	Land	Buildings	Furniture & Fixtures	Vehicles	Computers	Projects in Progress	Total
	JD	JD	JD	JD	JD	JD	JD
2012							
Cost:							
As of 1 January 2012	1,274,880	13,858,075	35,762,209	1,233,554	22,164,201	1,979,423	76,272,342
Additions	-	20,250	2,175,267	238,087	912,162	1,170,369	4,516,135
Transferred	-	-	787,918	-	924,995	(1,712,913)	-
Disposals	(1)	(1,845)	(235,766)	(13,300)	(565,019)	-	(815,931)
As of 31 December 2012	1,274,879	13,876,480	38,489,628	1,458,341	23,436,339	1,436,879	79,972,546
Accumulated depreciation:							
As of 1 January 2012	-	2,557,103	20,260,328	846,735	16,152,563	-	39,816,729
Depreciation charge during the year	-	277,291	3,303,675	106,753	2,642,455	-	6,330,174
Disposals	-	(473)	(230,112)	(13,299)	(525,892)	-	(769,776)
As of 31 December 2012	-	2,833,921	23,333,891	940,189	18,269,126	-	45,377,127
Net book value As of 31 December 2012	1,274,879	11,042,559	15,155,737	518,152	5,167,213	1,436,879	34,595,419
2011							
Cost:							
As of 1 January 2011	1,274,880	13,349,796	31,244,587	1,393,531	20,497,480	4,424,427	72,184,701
Additions	-	-	3,093,928	37,000	1,588,548	651,699	5,371,175
Transferred	-	508,279	2,101,846	-	486,578	(3,096,703)	-
Disposals	-	-	(678,152)	(196,977)	(408,405)	-	(1,283,534)
As of 31 December 2011	1,274,880	13,858,075	35,762,209	1,233,554	22,164,201	1,979,423	76,272,342
Accumulated depreciation:							
As of 1 January 2011	-	2,283,332	17,650,528	915,114	13,800,071	-	34,649,045
Depreciation charge during the year	-	273,771	3,244,088	116,796	2,710,703	-	6,345,358
Disposals	-	-	(634,288)	(185,175)	(358,211)	-	(1,177,674)
As of 31 December 2011	-	2,557,103	20,260,328	846,735	16,152,563	-	39,816,729
Net book value As of 31 December 2011	1,274,880	11,300,972	15,501,881	386,819	6,011,638	1,979,423	36,455,613

Fully depreciated property and equipment amounted to JD 24,087,451 as of 31 December 2012 (2011: JD 23,732,286).

The estimated cost to complete the purchase of assets and projects under construction amounts to JD 1,325,292 as of 31 December 2012 (2011: JD 1,951,911).

(13) Intangible Assets

	Computer Software	
	2012	2011
	JD	JD
Cost:		
As of 1 January	6,213,805	4,234,304
Additions	2,262,862	3,153,944
Amortisation during the year	(1,162,786)	(1,174,443)
	7,313,881	6,213,805

(14) Other Assets

	2012	2011
	JD	JD
Accrued interest and revenue	8,270,987	9,623,611
Prepaid expenses	4,759,818	5,088,302
Assets obtained by the Bank by calling on collateral	10,799,390	11,040,584
Accounts receivable - net	1,234,040	713,529
Clearing checks	5,149,311	7,444,350
Trading settlement account	25,000	25,000
Refundable deposits	290,526	197,509
Deposit at Visa International	1,042,230	1,042,230
Others	2,935,728	1,521,671
	34,507,030	36,696,786

Central Bank of Jordan regulations require the sale of assets obtained by the Bank by calling on collateral within a maximum two years from the date of assignment.

A reconcilliation of assets obtained by the Bank by calling on collateral during the year is as follows:

	2012	2011
	JD	JD
As of 1 January	11,040,584	10,982,216
Additions	177,699	585,418
Retirements	(418,893)	(496,325)
Impairment loss	-	(30,725)
As of 31 December	10,799,390	11,040,584

(15) Banks and Financial Institutions Deposits

	2012			2011		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and demand deposits	1,200,925	6,136,040	7,336,965	1,266,430	8,272,693	9,539,123
Time deposits	57,478,668	33,942,986	91,421,654	93,037,190	67,552,158	160,589,348
As of 31 December	58,679,593	40,079,026	98,758,619	94,303,620	75,824,851	170,128,471

(16) Customers' Deposits

	Consumer	Corporate	SMEs	Governmental sectors	Total
	JD	JD	JD	JD	JD
2012-					
Current and demand deposits	173,381,945	134,703,813	34,087,537	57,773,568	399,946,863
Saving accounts	313,826,284	1,311,817	1,189,341	2,046	316,329,488
Time and notice deposits	276,590,084	224,505,884	18,610,641	164,342,249	684,048,858
Total	763,798,313	360,521,514	53,887,519	222,117,863	1,400,325,209
2011-					
Current and demand deposits	222,045,253	141,680,200	33,879,881	41,867,630	439,472,964
Saving accounts	291,839,758	567,080	1,909,960	1,563	294,318,361
Time and notice deposits	221,681,356	276,639,977	15,351,218	127,670,489	641,343,040
Total	735,566,367	418,887,257	51,141,059	169,539,682	1,375,134,365

- Governmental institutions' deposits amounted to JD 195,059,636 as of 31 December 2012 (2011: JD 161,714,335) representing 13,93% (2011: 11.76%) of total customers' deposits.

- Non-interest bearing deposits amounted to JD 534,747,304 as of 31 December 2012 (2011: 529,779,047) representing 38.19% (2011: 38.53%) of total deposits.
- Dormant accounts amounted to JD 28,271,232 as of 31 December 2012 (2011: 20,954,967).
- Restricted deposits amounted Nil as of 31 December 2012 (2011: 51,906,816).

(17) Margin Accounts

	2012	2011
	JD	JD
Margins on direct credit facilities	25,078,986	24,723,454
Margins on indirect credit facilities	8,696,657	14,015,213
Deposits against cash margin dealings' facilities	6,258,630	5,419,322
Others	1,939,514	3,265,123
	41,973,787	47,423,112

(18) Loans and Borrowings

	Amount	Total no. of payments	Outstanding payments	Payable Every	Collaterals	Interest rate
	JD	JD	JD	JD	JD	%
31 December 2012						
Amounts borrowed from local institution*	40,000,000	3	3	At maturity	Pledged bonds	% 8.6 – 5.3
Amounts borrowed from international institution**	35,450,000	1	1	At maturity	None	4.895%–4.145
Amounts borrowed from central bank of Jordan***	96,178,000	2	2	At maturity	Repo	4.25%
Amounts borrowed from central bank of Jordan****	240,000	1	1	At maturity	Treasury Bills	3%
Amounts borrowed from foreign institution*****	1,074,224			Monthly	None	5.5%
Total	172,942,224					
December 2011 31						
Amounts borrowed from local institution*	23,000,000	3	3	At maturity	Pledged bonds	% 8.6 – 5.3
Amounts borrowed from international institution**	35,450,000	1	1	At maturity	None	4.895%–4.145
Amounts borrowed from central bank of Jordan	2,700,000	1	1	At maturity	Repo treasury bills	4.25%
Amounts borrowed from foreign institution***	1,074,224			Monthly	None	5.5%
Total	62,224,224					

* Represents fixed interest loans borrowed from Jordan Mortgage Refinancing Company and is due on the maturity date of each loan (2013).
- The borrowed funds were re-lent as residential mortgages at an average rate of 8%.
- The total re-lent funds amounted to JD 40,000,000.
** Represents fixed interest loans borrowed from OPIC and is due on the maturity date 10 May 2034.
*** Represents Repurchase Agreement (Repo) and is due on the first week of January 2013.
**** Represents CBJ loans and is due on the maturity date 8 September 2013.
***** Represents amounts borrowed from Mortgage Refinancing Company – Palestine, bearing fixed interest of 5.5% and repayable in monthly installments.

(19) Sundry Provisions

	Balance at January 1	Provided during the period	Utilised during the year	Balance at December 31
	JD	JD	JD	JD
2012				
Provision for lawsuits against the Bank	5,394,378	-	(50,963)	5,343,415
Provision for end of service indemnity	6,345,976	1,040,587	(974,528)	6,412,035
Other contingent liabilities	63,043	-	-	63,043
Total	11,803,397	1,040,587	(1,025,491)	11,818,493
2011				
Provision for lawsuits against the Bank	2,713,562	2,806,064	(125,248)	5,394,378
Provision for end of service indemnity	6,596,783	1,596,248	(1,847,055)	6,345,976
Other contingent liabilities	63,043	-	-	63,043
Total	9,373,388	4,402,312	(1,972,303)	11,803,397

(20) Income Tax

Income Tax Liabilities

The movements on the income tax provision were as follows:

	2012	2011
	JD	JD
At January 1	22,621,983	21,913,042
Income tax paid	(15,120,795)	(14,401,383)
Income tax payable	15,563,752	15,110,324
At December 31	23,064,940	22,621,983

Income tax appearing in the Income Statement represents the following:

	2012	2011
	JD	JD
Provision for income tax for the year	15,563,752	15,110,324
Amortisation of deferred tax liabilities	(62,170)	(782,143)
Deferred tax assets	(435,380)	-
Income tax charge for the year	15,066,202	14,328,181

The statutory tax rate on banks in Jordan is 30% and the statutory tax rate on foreign branches and subsidiaries range between 15%-34,5% (income tax rate for banks in Palestine is 20% plus VAT of 14.5%).

The Bank reached a final settlement with the Income and Sales Tax Department for the year ended 31 December 2011.

A final settlement was reached with the tax authorities for Palestine branches for the year up to 2007. The Income Tax Department had a re-claim for the Bank with extra amount for the year 2006 and 2007. The Bank had appealed against the court decision. Also a tax assessment was issued from the tax department for the year 2008 but the Bank disputed the assessment. For the year 2009,2010 and 2011 no reviews took place up to the date of preparing the financial statement.

Al-Watanieh Financial Services Company reached a final settlement with the Income and Sales Tax Department up to the year 2009 except for the year 1996 which is at court, the Income and Sales Tax Department did not review 2010 and 2011 records.

Al-Watanieh Securities Company – Palestine reached a final settlement with the income tax Department for the year 2011.

The Income and Sales Tax Department has not reviewed the accounts of Cairo Real Estate Investments Company for the years from 1997 to 2011.

In the opinion of the Bank's management, income tax provisions as of 31 December 2012 are sufficient.

Deferred Tax Liabilities

The movement on temporary differences giving rise to Deferred Tax Assets and Liabilities are:

	2012					2011
	Balance at January 1	Released during the year	Additions during the year	Balance at December 31	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Deferred tax assets						
Allowance for impairment losses	-	-	1,009,709	1,009,709	302,913	-
Non deductible expenses resulting from temporary differences	-	-	441,558	441,558	132,467	-
	-	-	1,451,267	1,451,267	435,380	-
Deferred tax liabilities						
Unrealised Gain – financial assets at FVTOCI	1,247,501	3,221,227	2,361,145	387,419	113,254	371,146
Unrealised gain – financial assets at FVTPL	6,330,695	-	-	6,330,695	1,899,209	1,899,209
	7,578,196	3,221,227	2,361,145	6,718,114	2,012,463	2,270,355

Included in deferred tax liabilities an amount of JD 113,254 (2011: JD 371,146) resulting from gains from the revaluation of financial assets at fair value through other comprehensive income which are included in the fair value reserve in equity. Also, deferred tax liabilities include an amount of JD 1,899,209 which represents unrealised gains transferred to retained earnings resulted from the early implementation of IFRS 9.

The movement on Deferred Tax Assets and Liabilities account is as follows:

	2012		2011	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
As of 1 January	-	2,270,355	-	3,818,965
Additions	435,380	708,344	-	2,142,764
Released	-	(966,236)	-	(3,691,374)
As of 31 December	435,380	2,012,463	-	2,270,355

A reconcilliation between tax expense and the accounting profit is as follows:

	2012	2011
	JD	JD
Accounting profit	50,352,376	50,924,595
Non-taxable profit	(5,893,226)	(12,823,364)
Non-deductible expenses	4,696,127	9,348,698
Taxable profit	49,155,277	47,449,929
Effective rate of income tax	29,92%	28,14%

Deferred tax is calculated using a rate of 30%.

(21) Other Liabilities

	2012	2011
	JD	JD
Accrued interest expense	4,029,683	2,301,745
Accounts payable	4,200,579	2,880,611
Accrued expenses	5,295,382	5,184,193
Temporary deposits	8,612,481	6,750,662
Checks and withdrawals	7,662,906	6,424,887
Settlement guarantee fund	97,000	15,242
Others	2,305,291	1,629,661
	32,203,322	25,187,001

(22) Paid in Capital

The authorised and paid in capital amounted to JD 100,000,000 divided into 100,000,000 shares at a par value of JD 1 per share.

(23) 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.

Voluntary Reserve

The balance represents 20% of the profit before tax transferred to the voluntary reserve during previous years. The reserve shall be used at the discretion of the Board of Directors, and it is distributable to shareholders in part or in full.

General Banking Risk Reserve

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

Cyclical Reserve

This reserve is appropriated from retained earnings in compliance with the regulations of the Palestine Monetary Authority.

The use of the following reserves is restricted by law:

Description	Amount	Restriction Law
Statutory reserve	42,947,195	Banks and companies Law
General banking risk reserve	10,700,000	Central Bank of Jordan regulations
Cyclical reserve	3,222,382	Palestine Monetary Authority regulations

(24) Fair Value Reserve

The movement is as follows:

	2012	2011
	JD	JD
Beginning balance	3,850,718	-
Effect of implementation IFRS9	-	6,368,626
Unrealised loss	(877,662)	(2,913,206)
Gain from sale financial assets at fair value through other comprehensive income	(145,163)	(429,926)
Deferred tax liability	257,892	825,224
Ending balance	3,085,785	3,850,718

The fair value reserve is presented net of deferred tax liabilities of JD 113,245 as of 31 December 2012.

(25) Retained Earnings

	2012	2011
	JD	JD
Balance as of 1 January	68,180,157	36,722,851
Effect of implementation IFRS 9	-	16,670,185
Profit for the year	35,286,174	36,596,414
Transferred to statutory reserve	(5,198,089)	(4,694,507)
Transferred to general banking risk reserve	(550,000)	(1,266,140)
Transferred to cyclical reserve	(903,623)	(1,278,572)
Cash dividends	(17,000,000)	(15,000,000)
Net gain from sale of financial assets at fair value through other comprehensive income	145,163	429,926
	79,959,782	68,180,157

Retained earnings balance includes unrealised gains amounting to JD 14,859,280 resulted from the early implementation of IFRS 9. This amount is not available for distribution in accordance with the Jordan Securities Commission instructions, except for the amounts realised through the sale of the financial assets.

Retained earnings include an amount of JD 435,380 as deferred tax assets that are not available for distribution in accordance with Central Bank of Jordan instructions.

(26) Proposed Dividends

The Board of Directors proposed the distribution of dividends to its shareholders of JD 17,000,000 (2011: JD 17,000,000), equivalent to 17% (2011: 17%) of paid in capital.

(27) Interest Income

	2012	2011
	JD	JD
Consumer lending		
Overdrafts	663,253	510,992
Loans and bills	57,126,370	49,798,719
Credit cards	2,369,345	2,495,032
Others	240,124	331,603
Residential mortgages	8,831,942	8,672,957
Corporate lending		
Overdrafts	4,407,379	4,031,097
Loans and bills	7,273,099	8,643,065
Small and medium enterprises lending		
Overdrafts	1,130,811	1,062,829
Loans and bills	2,206,103	2,149,080
Public and governmental sectors	8,599,016	5,245,662
Balances at Central Banks	117,501	227,636
Balances at banks and financial institutions	4,614,247	7,398,382
Financial assets at amortised cost	27,399,719	20,868,471
Financial assets at fair value through other comprehensive income	10,497	3,165
Total	124,989,406	111,438,690

(28) Interest Expense

	2012	2011
	JD	JD
Banks and financial institution deposits	2,764,601	1,512,509
Customers' deposits -		
Current accounts and deposits	2,698,814	3,524,900
Saving accounts	2,011,842	2,132,587
Time and notice placements	23,837,941	17,635,576
Margin accounts	422,197	773,937
Loans and borrowings	4,558,751	3,256,628
Deposit guarantee fees	2,011,837	1,833,800
	38,305,983	30,669,937

(29) Net Commission

	2012	2011
	JD	JD
Commission income -		
Direct credit facilities	5,991,383	7,304,759
Indirect credit facilities	2,028,949	1,773,901
Other commission	11,327,820	10,248,858
Less: commission expense	(5,969)	(43,560)
	19,342,183	19,283,958

(30) Gain From Foreign Currencies

	2012	2011
	JD	JD
Resulting from -		
Trading in foreign currencies	362,204	468,630
Revaluation of foreign currencies	2,229,060	2,652,483
	2,591,264	3,121,113

(31) Net Gain From Financial Assets at Fair Value Through Profit or Loss

	(Realised gain/loss)	(Unrealised gain/loss)	Cash dividends	Total
2012				
Equities	20,752	(760,486)	1,928,237	1,188,503
Bonds	-	2,757	-	2,757
Funds	-	23,043	-	23,043
	20,752	(734,686)	1,928,237	1,214,303
2011				
Equities	4,264,103	37,431	1,784,978	6,086,512
Funds	-	(243,237)	-	(243,237)
	4,264,103	(205,806)	1,784,978	5,843,275

(32) Dividends From Financial Assets at Fair Value Through Other Comprehensive Income

	2012	2011
	JD	JD
Dividend income	989,171	870,151
	989,171	870,151

(33) Other Income

	2012	2011
	JD	JD
Suspended interest transferred to revenue	200,509	653,497
Safety deposit box rental income	70,740	62,342
Revenues from selling check books	123,488	83,843
Collections of debts previously written off	423,739	935,859
Credit cards income	2,063,546	1,078,998
Gain from sale of property and equipment	40,581	89,299
Gain from sale of assets repossessed by the Bank	72,905	167,626
Rent revenue	6,780	7,359
Brokerage commission	467,484	507,594
Others	130,894	116,800
	3,600,666	3,703,217

(34) Employees' Expenses

	2012	2011
	JD	JD
Salaries and benefits	27,132,589	26,395,850
Bank's contribution to social security	1,980,398	1,726,113
Bank's contribution to savings fund	421,362	417,790
End of service indemnity	95,821	401,833
Medical expenses	1,505,580	1,393,751
Training and research	308,009	244,177
Employees' uniform	185,732	283,820
Others	1,051,137	1,023,983
	32,680,628	31,887,317

(35) Other Expenses

	2012	2011
	JD	JD
Rent	3,025,962	2,856,369
Cleaning and maintenance	1,151,086	1,128,328
Water, heat and electricity	1,779,663	1,081,358
License and governmental fees	891,067	747,273
Printings and stationery	657,526	664,338
Donations	443,283	435,206
Insurance fees and expenses	634,817	603,802
Subscriptions	528,850	482,263
Telephone and telex	484,939	627,565
Legal fees	356,336	360,176
Professional fees	825,946	782,573
Money transfer expenses	289,852	283,964
Advertising expenses	2,330,517	2,651,201
Credit cards expenses	348,328	397,203
Board of Directors expenses	200,294	186,904
Information systems expenses	3,996,473	3,853,628
Travel and transportation	690,997	661,169
Scientific research and vocational training fees	201,939	242,101
Other expenses	711,366	589,133
	19,549,241	18,634,554

(36) Earnings Per Share

	2012	2011
	JD	JD
Profit for the year	35,286,174	36,596,414
Weighted average number of shares	100,000,000	100,000,000
Basic and diluted earnings per share (JD/Fils)	0/353	0/366

(37) Cash and Cash Equivalents

Cash and Cash Equivalents appearing in the Statement of Cash Flows consist of the following Balance Sheet items:

	2012	2011
	JD	JD
Cash and balances with Central Banks maturing within 3 months	211,280,174	131,887,099
Less: Banks and financial institutions' deposits maturing within 3 months	189,873,760	287,130,970
Certificate of deposits maturing after 3 months restricted cash balances	(98,758,619)	(163,128,471)
Cash and cash equivalents	(7,090,000)	(7,090,000)
	295,305,315	248,799,598

(38) Derivative Financial Instruments

The table below shows the positive and negative fair values of derivative financial instruments together with the notional amounts analysed by their term to maturity.

				Par value maturity			
	Positive fair value	Negative fair value	Total notional amount	Within 3 months	12 – 3 months	years 3 – 1	More than 3 years
2012-	JD	JD	JD	JD	JD	JD	JD
Derivatives held as fair value hedges:							
- Interest rate swap	-	22,846	709,000	-	-	709,000	-
- Forward foreign currency contracts	-	72,042	9,926,000	-	9,926,000	-	-
2011-							
Derivatives held as fair value hedges:							
- Interest rate swap	-	47,263	1,418,000	-	709,000	709,000	-

The notional amounts indicate the volume of transactions outstanding at the year-end and are neither indicative of the Market Risk nor the Credit Risk.

Interest rate swap derivatives are used to hedge for the fluctuation of interest rates of some granted credit facilities with fixed interest rates.

(39) Related Party Transactions

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

Company name	Ownership	Paid in capital 2012	Paid in capital 2011
		JD	JD
Al-Watanieh Financial Services Co.	100 %	5,000,000	5,000,000
Al-Watanieh Securities Company	100 %	1,500,000	1,500,000

The Bank entered into transactions with major shareholders, directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates. All the loans and advances to related parties are performing advances and are free of any provision for credit losses.

The following related party transactions took place during the year:

	Board of Directors	Executive management	*Others	Total 2012	Total 2011
	JD	JD	JD	JD	JD
Balance Sheet items:					
Direct credit facilities	15,583,762	3,117,596	15,736,146	34,437,504	30,332,987
Deposits at the Bank	9,607,554	863,511	7,730,994	18,202,059	10,803,735
Margin accounts	681,759	-	98,392	780,151	920,692
Off balance items:					
Indirect credit facilities	1,349,745	-	488,760	1,838,505	2,481,681
Income Statements items					
Interest and commission income	1,125,814	60,446	477,961	1,664,221	591,740
Interest and commission expense	308,638	73,286	109,433	491,357	311,580

Credit interest rates on credit facilities in Jordanian Dinar range between 4% - 8.85%
Credit interest rates on credit facilities in foreign currency range between 1.98% - 7%
Debit interest rates on deposits in Jordanian Dinar range between 0% - 6.75%
Debit interest rates on deposits in foreign currency range between 0% - 1.25%

Inter company balances and transactions are eliminated on consolidation.

Compensation of the key management personnel is as follows:

	2012 JD	2011 JD
Benefits (salaries, wages, and bonuses) of senior management	1,954,468	1,855,944

(40) Fair Value of Financial Instruments

Financial instruments include cash balances, deposits at central banks and financial institutions, direct credit facilities, financial assets at FVTOCI, financial assets at FVTPL, financial assets at amortised cost, other financial assets, customers' deposits, bankst deposits, cash margins, borrowed funds and other financial liabilities.

There are no material differences between the carrying values and fair values of the on and off Balance Sheet financial instruments as of 31 December 2012 and 2011.

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.

	First Level JD	Second Level JD	Third Level JD	Total JD
2012 -				
Financial assets at fair value through profit or loss	26,858,142	-	-	26,858,142
Financial assets at fair value through other comprehensive income	25,876,821	716,684	-	26,593,505
2011 -				
Financial assets at fair value through profit or loss	24,640,456	-	-	24,640,456
Financial assets at fair value through other comprehensive income	25,261,478	648,735	-	25,910,213

(41) Fair Value of the Financial Assets and Liabilities which are not Shown at Fair Value in the Financial Statements:

	2012		2011	
	Book value	Fair value	Book value	Fair value
	JD	JD	JD	JD
Deposits at banks and financial institutions	18,500,000	18,500,000	3,500,000	3,500,000
Financial assets at amortised cost	358,681,442	358,681,442	437,338,326	437,338,326
Financial assets pledged as collateral	108,360,282	108,360,282	3,000,000	3,000,000
Direct credit facilities	1,007,336,799	1,007,336,799	947,589,993	947,589,993
Banks and financial institutions' deposits	98,758,619	98,758,619	170,128,471	170,128,471
Customers' deposits	1,400,325,209	1,400,325,209	1,375,134,365	1,375,134,365
Margin accounts	41,973,787	41,973,787	47,423,112	47,423,112
Loans and borrowings	172,942,224	172,942,224	62,224,224	62,224,224

(42) Risk Management

The Bank manages its risks through a comprehensive strategy for Risk Management by which the roles and responsibilities of all parties concerned are identified. These include the Board of Directors and subcommittees such as the Risk Committee, the Investment Committee and Audit and Compliance Management Committee, in addition to the executive management and its subcommittees, such as Assets and Liabilities Committee, Procedures Development Committee, Credit Committees and other specialised departments such as the Risk Management department, Anti-money Laundry and Compliance department and the Audit department.

Furthermore, all of the Bank's business units are considered responsible for identifying the risks associated within their banking operations and committed to applying the appropriate controls and monitoring their effectiveness and maintaining integrity within the internal control system.

The process of managing the risks within Cairo Amman Bank's activities include the identification, measurement, assessment and monitoring of financial and non-financial risks which could negatively affect the Bank's performance and reputation or its goals ensuring that the Bank achieves optimum yield in return for the risks taken.

The Bank is exposed at least to the following risk categories:
- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Compliance Risk

The general framework of Risk Management at the Bank is in line with the size, complexity and nature of its operations, and in harmony with local regulations as well as taking into account the best international practices in this regard.

The Bank's set of principles include the following:
1 - The Board of Directors' responsibility for Risk Management. The Risk Committee of the Board of Directors does a periodic review of policies, strategies and Risk Management procedures of the Bank, including setting acceptable risk limits.

2 - The responsibility of the Board of Directors, represented by the Risk Committee in the development of the internal assessment of capital and analysis of current and future requirements for capital and as appropriate with the structure of the Bank's risk and strategic goals and taking action on particular in addition to its responsibility in ensuring a good system to evaluate the types of risks faced by the Bank and the development of the system to link these risks with the level of capital required to cover.
3 - The responsibility of the Board of Directors to approve the policies developed by the executive management.

4 - The Risk Management department, which is independent of other Bank's operations, reports to the Risk Committee on risk issues. For daily operations it is linked with the General Manager, and analyses all the risks including Credit, Market, Liquidity and Operational Risk in addition to the development of measurement methodologies and controls for each type of risk as needed.

The Risk Management Department also manages the process of Internal evaluation Capital Adequacy ICAAP by using the comprehensive manner which is appropriate within their risk profile it also implements Basel requirements.

5 - Internal Audit department provides independent confirmation of the compliance of the working units with the policies and procedures set to manage risks and their efficiency.

6 - Managing risk is considered the responsibility of each unit and every employee of the Bank, in relation to those risks which are within their functions.

Credit Risks

Credit Risk is the risk that may result from a lack of commitment or the inability of the other party of the financial instrument to fulfil its obligations to the Bank, leading to a financial loss. The Bank manages its Credit Risk through the design and development of various policies that identify and address all aspects of granting and maintenance of credit in addition to determining the limits of credit facilities granted to clients and/or related groups as well as diversifying total credit facilities across sectors and geographical regions. The Bank also works continuously to evaluate the credit worthiness of customers, in addition to having appropriate collaterals.
The general framework for Credit Risk Management includes:

Credit Policies

The Bank manages its Credit Risk through the annual policies set by the Board of Directors including credit ceilings and various credit conditions, which are renewed annually, according to several changing factors and the results of the analysis, and studies. These policies define maximum credit limits given to any customer and / or group of related customers in addition to the distribution of credit according to geographical regions and different economic sectors. The Bank considers the diversification of portfolios as an important risk mitigation factor.

Customer Rating

Customer Credit Risk rating is performed internally; customers are rated according to their creditworthiness and ability to pay, in addition to assessing the quality of the facilities granted to clients, in terms of account activity and regularity of payment of principal and interest. The collaterals are classified according to type and percentage coverage of risk. Moreover the Bank periodically monitors the portfolios and their diversification, according to several classifications.

Mitigation Methodologies

The Bank follows different procedures to mitigate risks, including determining the acceptable types of collaterals and their conditions, whereby good collaterals that can be liquidated at a reasonable time and value are accepted by the Bank taking into consideration that the value of the collateral is not related to the business of the customer. Moreover, the Bank requires insurance policies on certain properties as a means of mitigating risks. The values of the collaterals are monitored on a regular basis and in the event of decrease in its value, additional collaterals are required.

Credit Granting

The Bank adopts the principle of segregation of functions in line with best practices in this regard, clarifying the roles and responsibilities between each of the different credit functions (sales, credit approvals, credit administration, credit operations), to ensure a strong control over credit granting operations.
Credit decisions are checked against the credit policies and authority limits, all documentations and contracts are reviewed before executing the credit.

Maintenance and Follow-up of Credit

- The performance of the credit portfolio is continuously monitored to make sure it is within the acceptable risk limits and economic sector limits which identified by the Bank to identify any increasing risk levels.

- The Bank continuously monitors its performing portfolios to identify any need for additional provisions. There are specialised and independent departments responsible for managing irregular credit facilities and handle the task of their administration and collection.

The table below shows the maximum exposure to Credit Risk net of allowances for impairment and suspended interest and before the effect of mitigation through the use of collateral agreements:

	2012 JD	2011 JD
Statement of Financial Position:		
Cash and balances at Central Banks	165,675,836	90,849,298
Balances at banks and financial institutions	189,873,760	287,130,970
Deposits at banks and financial institutions	18,500,000	3,500,000
Direct credit facilities:		
Consumer lending	536,226,410	485,265,373
Residential mortgages	127,355,817	123,380,672
Corporate lending:		
Large corporations	159,180,098	186,853,665
Small and medium enterprises	46,516,913	47,404,085
Lending to governmental sectors	138,057,561	104,686,198
Bonds and treasury bills:		
Within financial assets amortised cost	358,681,442	437,338,326
Within financial assets pledged as collateral	108,360,282	3,000,000
Other assets	15,721,568	18,848,720
Total	1,864,149,687	1,788,257,307
Contingent Liabilities:		
Letters of guarantee	55,702,756	51,407,174
Letters of credit	81,071,972	55,382,633
Acceptances	799,970	4,282,350
Irrevocable commitments to extend credit	83,504,548	79,575,208
Total	221,079,246	190,647,365
	2,085,228,933	1,978,904,672

Types of collaterals against loans and credit facilities are as follows:
- Real estate properties
- Financial instruments (equities and bonds)
- Bank guarantees
- Cash collateral
- Government guarantees

The management reviews the fair value of collateral periodically and in case of drop of the fair value the Bank requests additional collaterals to cover the shortage. Also, the Bank revaluates the collaterals of non-performing loans periodically.

1) The distribution of credit exposures in accordance with their risk classification is as follows:

	Consumer	Residential mortgages	Corporate	SMEs	Governmental sectors	Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD
2012							
Low risk	1,848,250	735,543	6,592,840	5,375,007	648,036,457	910,026	663,498,123
Acceptable risk	530,740,988	124,119,271	180,633,130	38,051,924	92,136,962	214,590,031	1,180,272,306
Maturing:**							
Up to 30 days	239,570	195,577	129,153	697,094	-	-	1,261,394
From 31 to 60 days	51,297	12,985	65,966	69,770	-	-	200,018
Watch list	8,444,380	1,271,497	7,132,636	1,735,353	-	-	18,583,866
Non performing:							
Substandard	1,662,299	146,140	102,809	699,532	-	-	2,610,780
Doubtful	2,527,401	326,489	5,512	663,604	-	-	3,523,006
Loss	21,171,709	1,652,256	24,661,801	4,943,955	-	-	52,429,721
Total	566,395,027	128,251,196	219,128,728	51,469,375	740,173,419	215,500,057	1,920,917,802
Less: Suspended interest	4,800,185	26,117	5,266,231	901,539	-	-	10,994,072
Less: provision for impairment losses	23,241,948	712,242	19,503,382	2,316,471	-	-	45,774,043
Net	538,352,894	127,512,837	194,359,115	48,251,365	740,173,419	215,500,057	1,864,149,687
2011							
Low risk	3,166,673	225,242	4,348,993	3,670,148	512,583,609	-	523,994,665
Acceptable risk	485,867,263	120,021,453	206,200,360	38,739,575	65,344,056	331,693,739	1,247,866,446
Maturing:**							
Up to 30 days	159,164	143,239	1,095,000	173,007	-	-	1,570,410
From 31 to 60 days	152,286	11,798	-	730	-	-	164,814
Watch list	4,369,792	2,093,657	6,192,982	1,214,918	-	-	13,871,349
Non performing:							
Substandard	2,140,797	227,436	-	639,181	-	-	3,007,414
Doubtful	2,086,455	435,001	9,685,721	493,983	-	-	12,701,160
Loss	17,495,402	1,336,583	16,278,323	7,469,671	-	-	42,579,979
Total	515,126,382	124,339,372	242,706,379	52,227,476	577,927,665	331,693,739	1,844,021,013
Less: Suspended interest	4,836,561	48,330	4,681,387	962,606	-	-	10,528,884
Less: provision for impairment losses	22,320,080	565,674	20,261,874	2,087,194	-	-	45,234,822
Net	487,969,741	123,725,368	217,763,118	49,177,676	577,927,665	331,693,739	1,788,257,307

* Include exposures to credit facilities, balances and deposit at banks and financial institutions, bonds and treasury bills and any assets with credit exposures.
**Total balance of facilities becomes due if one of the installment or interest is due and the overdraft account becomes due if it exceeds the limit.

2) Distribution of Collaterals Against Credit Facilities Measured at Fair Value:

	Consumer	Residential Mortgages	Corporate	SMEs	Governmental Sectors	Total
	JD	JD	JD	JD	JD	JD
2012-						
Collaterals						
Low risk	1,992,981	802,807	9,596,248	5,684,497	7,983,379	26,059,912
Acceptable risk	21,036,476	126,264,754	41,891,385	34,701,845	-	223,894,460
Watch list	8,753	3,189,858	7,132,636	1,181,793	-	11,513,040
Non performing:						
Substandard	-	135,615	102,809	457,405	-	695,829
Doubtful	157,890	271,885	5,512	659,195	-	1,094,482
Loss	3,020,789	1,647,828	7,059,683	2,644,662	-	14,372,962
Total	26,216,889	132,312,747	65,788,273	45,329,397	7,983,379	277,630,685
Comprising of:						
Cash margin	1,992,981	802,807	8,615,322	5,684,497	7,983,379	25,078,986
Letters of guarantee	-	-	980,926	-	-	980,926
Real estate	13,112,546	131,509,940	39,302,056	32,415,305	-	216,339,847
Loans guarantee corporation	-	-	842,212	4,772,532		5,614,744
Traded equities	6,134,400	-	13,497,752	1,103,480	-	20,735,632
Vehicles and machinery	4,976,962	-	2,550,005	1,353,583	-	8,880,550
Total	26,216,889	132,312,747	65,788,273	45,329,397	7,983,379	277,630,685
2011-						
Collaterals						
Low risk	3,124,513	67,386	4,346,369	3,556,962	7,820,676	18,915,906
Acceptable risk	22,940,796	123,380,672	31,308,054	36,332,702	-	213,962,224
Watch list	379,997	2,093,657	5,345,149	417,866	-	8,236,669
Non-performing:						
Substandard	106,876	227,436	-	468,685	-	802,997
Doubtful	-	435,001	4,243,938	493,982	-	5,172,921
Loss	2,702,818	1,317,906	4,521,454	2,386,015	-	10,928,193
Total	29,255,000	127,522,058	49,764,964	43,656,212	7,820,676	258,018,910
Comprising of:						
Cash margin	3,166,673	225,242	4,348,993	3,670,148	7,820,676	19,231,732
Letters of guarantee	-	-	70,900	-	-	70,900
Real estate	13,183,226	127,296,816	35,647,024	36,600,180	-	212,727,246
Traded equities	7,206,370	-	6,833,233	1,844,300	-	15,883,903
Vehicles and machinery	5,698,731	-	2,864,814	1,541,584	-	10,105,129
Total	29,255,000	127,522,058	49,764,964	43,656,212	7,820,676	258,018,910

Rescheduled Debts

Rescheduled debts are debts which have been previously classified as non-performing credit facilities, then excluded from the non-performing credit facilities as a result of a rescheduling process, and then classified as watch list. Rescheduled debts totalled JD 3,656,068 as of 31 December 2012 compared to JD 4,189,239 as of 31 December 2011.

The balances of the rescheduled debts include the loans classified under watch list or converted to performing.

Restructured Debts

Restructuring process refers to reorganising the credit facilities' standing in respect of adjusting premiums, extending the life of the credit facilities, postponing some premiums or extending the grace period, etc.; and then classifying such facilities as watch list. Reconstructed debts totalled JD 6,677,841 as of 31 December 2012 compared to JD 6,042,263 as of 31 December 2011.

3) Bonds and treasury bills:

The table below shows the classifications of bonds and treasury bills and their gradings according to external rating agencies:

Risk Rating Class	External Rating Agency	Included in financial assets at amortised cost
		JD
AA	S&P	2,305,351
A+	S&P	3,537,668
A	S&P	1,065,793
A-	S&P	707,519
Non-rated		30,496,053
Governmental		428,929,340
Total		467,041,724

4) The Bank's financial assets, before taking into account any collateral held or other credit enhancements can be analysed by the following geographical regions:

2012	Inside Jordan	Other Middle Eastern countries	Europe	Asia	Americas	Other	Total
	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	113,835,810	51,840,026	-	-	-	-	165,675,836
Balances at banks and financial institutions	63,684,148	80,021,113	35,082,674	64,553	10,956,208	65,064	189,873,760
Deposits at banks and financial institutions	15,000,000	3,500,000	-	-	-	-	18,500,000
Consumer lending	479,084,522	57,141,888	-	-	-	-	536,226,410
Residential mortgages	113,029,754	14,326,063	-	-	-	-	127,355,817
Corporate lending:							
Large corporations	122,434,872	36,745,226	-	-	-	-	159,180,098
Small and medium enterprises	34,738,691	11,778,222	-	-	-	-	46,516,913
Lending to governmental sectors	86,473,577	51,583,984	-	-	-	-	138,057,561
Bonds and treasury bills within:							
Financial assets at amortised cost	338,414,308	20,267,134	-	-	-	-	358,681,442
Financial assets pledged as collateral	108,360,282	-	-	-	-	-	108,360,282
Other assets:	11,406,480	3,027,542	1,197,973	259	89,052	262	15,721,568
Total 2012	1,486,462,444	330,231,198	36,280,647	64,812	11,045,260	65,326	1,864,149,687
Total 2011	1,388,417,996	328,326,007	54,527,554	69,387	16,899,155	17,208	1,788,257,307

5) An industry sector analysis of the Bank's financial assets, before and after taking into account collateral held or other credit enhancements, is as follows:

2012	Financial	Industrial	Commercial	Real estate*	Agriculture	Trading	Consumer	Public and governmental	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	-	-	-	-	-	-	-	165,675,836	165,675,836
Balances at banks and financial institutions	189,873,760	-	-	-	-	-	-	-	189,873,760
Deposits at banks and financial institutions	18,500,000	-	-	-	-	-	-	-	18,500,000
Direct credit facilities	969,020	47,334,724	120,956,284	158,858,403	2,434,397	6,532,799	532,193,611	138,057,561	1,007,336,799
Bonds and treasury bills within:									
Financial assets at amortised cost	20,525,790	1,063,220	14,399,852	-	-	-	-	322,692,580	358,681,442
Financial assets pledged as collateral	-	-	-	-	-	-	-	108,360,282	108,360,282
Other assets	1,881,487	1,918,582	4,199,224	157,020	51,611	44,387	2,082,097	5,387,160	15,721,568
Total 2012	231,750,057	50,316,526	139,555,360	159,015,423	2,486,008	6,577,186	534,275,708	740,173,419	1,864,149,687
Total 2011	331,693,739	64,152,924	175,270,791	144,988,587	3,253,860	7,890,082	483,079,659	577,927,665	1,788,257,307

* Real estate sector includes loans granted to corporates and mortgage loans.

Market Risk

Market Risk is the risk resulting from fluctuations in the fair value or cash flows of financial instruments caused by the change in market prices such as interest rates and exchange rates and equity prices. Market Risk arises due to the existence of open positions in interest rates, currencies and equity investments. Such risks are controlled in accordance to a specific set of policies and procedures and through specialised committees and related departments. Market Risk includes interest rates risk, foreign exchange risks and the risk of change in equity prices.

Market Risk is measured and controlled through several methods, including sensitivity analysis and Stress Testing in addition to stop loss limits.

Interest Rate Risk

Interest Rate Risk results from the possible impact of changes in interest rates on the profits of the Bank or the value of financial instruments, the Bank is exposed to Interest Rate Risk due to repricing mismatches between its interest rate sensitive Assets and Liabilities according to the different maturities and repricing terms. The Bank manages these risks through the continuous review of interest rates on its Assets and Liabilities in the course of its Risk Management strategy.

The ALM Committee reviews the sensitivity gaps of interest rates during its regular meetings and studies its effect on the Bank profitability in the light of any expected changes in market interest rates.

The Bank seeks to obtain long-term financing to fund long-term investments at fixed rates whenever possible. Furthermore, the Bank uses hedging instruments such as interest rate swaps to reduce any negative effects.

The following table demonstrates the sensitivity analysis of interest rates.

2012-				
Currency	Increase in interest rate	Sensitivity of net interest income	Decrease in interest rate	Sensitivity of net interest income
	Basis points	JD	Basis points	JD
U.S.D	100	(510,691)	100	510,691
EURO	100	(77,107)	100	77,107
GBP	100	(16,953)	100	16,953
YEN	100	31,186	100	(31,186)
Other Currency	100	29,155	100	(29,155)

2011-				
Currency				
U.S.D	100	(426,593)	100	426,593
EURO	100	64,285	100	(64,285)
GBP	100	5,944	100	(5,944)
YEN	100	34,547	100	(34,547)
Other Currency	100	28,307	100	(28,307)

Sensitivity of interest rates as of 31 December 2012:

2012-	Less than month 1	3 – 1 months	6 – 3 months	12 – 6 months	years 3 – 1	or more 3 years	Non-interest bearing	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at Central Banks	7,444,500	-	-	-	-	-	203,835,674	211,280,174
Balances at banks and financial institutions	95,114,207	74,743,150	-	-	-	-	20,016,403	189,873,760
Deposits at banks and financial institutions	-	-	18,500,000	-	-	-	-	18,500,000
Financial assets at fair value through profit or loss	-	-	-	-	-	111,245	26,746,897	26,858,142
Direct credit facilities	734,931,040	17,688,979	78,740,088	22,440,135	49,007,217	104,529,340	-	1,007,336,799
Financial assets at fair value through OCI	-	-	-	-	-	-	26,593,505	26,593,505
Financial assets at amortised cost	7,726,992	56,770,554	856,602	59,371,478	222,006,594	11,949,222	-	358,681,442
Financial assets pledged as collateral	-	-	-	40,021,701	68,338,581	-	-	108,360,282
Property and equipment	-	-	-	-	-	-	34,595,419	34,595,419
Intangible assets	-	-	-	-	-	-	7,313,881	7,313,881
Deferred tax assets	-	-	-	-	-	-	435,380	435,380
Other assets	-	-	-	-	-	-	34,507,030	34,507,030
Total Assets	845,216,739	149,202,683	98,096,690	121,833,314	339,352,392	116,589,807	354,044,189	2,024,335,814
Liabilities								
Banks and financial institution deposits	90,913,711	300,000	-	-	-	-	7,544,908	98,758,619
Customers' deposits	438,263,121	142,021,276	129,936,331	86,344,611	69,012,566	-	534,747,304	1,400,325,209
Margin accounts	2,672,119	2,047,872	6,075,471	6,417,512	5,063,181	6,438,591	13,259,041	41,973,787
Loans and borrowings	96,193,340	32,679	10,049,134	30,339,148	877,923	35,450,000	-	172,942,224
Sundry provisions	-	-	-	-	-	-	11,818,493	11,818,493
Income tax liabilities	-	-	-	-	-	-	23,064,940	23,064,940
Deferred tax liabilities	-	-	-	-	-	-	2,012,463	2,012,463
Other liabilities	-	-	-	-	-	-	32,203,322	32,203,322
Total Liabilities	628,042,291	144,401,827	146,060,936	123,101,271	74,953,670	41,888,591	624,650,471	1,783,099,057
Interest rate sensitivity gap	217,174,448	4,800,856	(47,964,246)	(1,267,957)	264,398,722	74,701,216	(270,606,282)	241,236,757

2011-	Less than month 1	3 – 1 months	6 – 3 months	12 – 6 months	Years 3 – 1	More than 3 years	Non-interest bearing	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Total Assets	893,762,045	148,024,246	117,991,442	137,309,931	249,343,460	126,078,129	267,854,008	1,940,363,261
Total Liabilities	683,923,515	139,287,589	65,759,460	41,339,092	120,360,019	41,853,498	624,269,735	1,716,792,908
Interest rate sensitivity gap	209,838,530	8,736,657	52,231,982	95,970,839	128,983,441	84,224,631	(356,415,727)	223,570,353

Currency Risk

Foreign Currency Risk is the risk of change in value of financial instruments due to the change in the foreign currency prices. The Bank's functional currency is the Jordanian Dinar. The Board of Directors identifies the set of currencies in which it is acceptable to take positions in and the limits of these positions for each currency. Foreign currencies positions are monitored on a daily basis to make sure that the Bank will not exceed those acceptable levels.

The table below indicated the currencies to which the Bank had significant exposure as of 31 December 2012. The analysis calculates the effect of a reasonably possible movement of the currency rate against the JD, with all other variables held constant on the Income Statement and equity:

Currency	2012			2011		
	Increase in exchange rate	Effect on profit before tax	Sensitivity of equity	Increase in exchange rate	Effect on profit before tax	Sensitivity of equity
	%	JD	JD	%	JD	JD
EURO	1+	28,956	-	1+	512	-
GBP	1+	561	-	1+	1159	-
YEN	1+	57	-	1+	43	-
Other Currency	1+	82,117	-	1+	16,660	-

Concentration in currency risk:

2012	US Dollar	Sterling	Japanese Yen	Euro	Other	Total
Assets						
Cash and balances at Central Banks	76,108,185	84,198	82	10,383,228	31,526,201	118,101,894
Balances at banks and financial institutions	81,911,918	3,725,767	35,427	16,263,251	49,279,119	151,215,482
Deposits at banks and financial institutions	3,500,000	-	-	-	-	3,500,000
Financial assets at fair value through profit or loss	1,850,135	-	-	-	-	1,850,135
Direct credit facilities	111,114,109	600,111	3,117,640	-	59,286,275	174,118,135
Financial assets at fair value through other comprehensive income	967,693	-	-	81,701	-	1,049,394
Financial assets at amortised cost	23,584,317	-	-	-	30,603	23,614,920
Property and equipment	29,225	-	-	-	-	29,225
Other assets	4,134,519	4,716,704	3,403,906	138,808	2,853,546	15,247,483
Total Assets	303,200,101	9,126,780	6,557,055	26,866,988	142,975,744	488,726,668
Liabilities						
Banks and financial institution deposits	32,063,839	-	-	6,556,539	93,650	38,714,028
Customers' deposits	248,287,471	3,918,433	1,113	18,055,225	122,784,148	393,046,390
Margin accounts	15,346,015	38,108	-	1,232,219	9,336,969	25,953,311
Loans and borrowings	36,524,224	-	-	-	-	36,524,224
Other liabilities	13,685,323	527,689	488	827,736	2,666,600	17,707,836
Total Liabilities	345,906,872	4,484,230	1,601	26,671,719	134,881,367	511,945,789
Net concentration in the statement of financial position	(42,706,771)	4,642,550	6,555,454	195,269	8,094,377	(23,219,121)
Contingent liabilities	63,923,982	693,704	342,555	47,973,467	17,750,528	130,684,236

2011	US Dollar	Euro	British Pound	Japanese Yen	Other	Total
Total Assets	213,935,071	8,102,698	7,229,278	32,285,735	138,371,558	399,924,340
Total Liabilities	322,014,237	3,418,426	3,149	32,427,016	132,817,555	490,680,383
Net concentration in the statement of financial position	(108,079,166)	4,684,272	7,226,129	(141,281)	5,554,003	(90,756,043)
Contingent liabilities	51,025,549	11,697,032	954,110	13,754,022	17,767,865	95,198,578

Equity Price Risk

Equity Price Risk is the risk that the fair value of equities decreases as the result of changes in the levels of equity indices and the value of individual stocks. The Bank manages this risk through diversification of investments in terms of geographical distribution and industry concentration. The majority of the Bank's investments are quoted on Amman Stock Exchange and the Palestine Securities Exchange.

The effect on the Income Statement and equity due to a reasonably possible change in prices, with all other variables held constant, is as follows:

Market Indices	2012			2011		
	Change in equity price	Effect on profit before tax	Effect on equity	Change in equity price	Effect on profit before tax	Effect on equity
	%	JD	JD	%	JD	JD
Amman Stock Exchange	5 +	1937	720,149	5 +	2,653	695,475
Palestine Securities Exchange	5 +	863,184	265,444	5 +	793,900	272,078
New York Stock Exchange	5 +	4,45	-	5 +	-	-
Others Markets	5 +	76,054	-	5 +	69,553	-

In case of negative change in index the effect will be the same with a change in the sign.

Liquidity Risk

Liquidity Risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances, without incurring high costs or loss, the Bank adopts the following principles for the management of Liquidity Risk.

- Diversification of Funding Sources

Bank's management seeks to diversify sources of funding and prevent the concentration in the funding sources. The Bank also borrows from institutions and local and foreign banks which would provide sources of funding at appropriate costs and maturities.

The Bank had also established a Liquidity Contingency Plan, which provides the basic framework for the management of liquidity. This includes defining an effective mechanism to manage liquidity during times of crisis, within reasonable costs and preserving the rights of depositors, borrowers, and shareholders.

The Liquidity Contingency Plan is regularly reviewed and updated by the ALCO.

- Analysing and Monitoring the Maturities of Assets and Liabilities

The Bank studies the liquidity of its Assets and Liabilities and monitors the major liquidity ratios as well as any changes that occur on them on a daily basis, the Bank, seeks through the ALCO Committee to match between the maturities of its Assets and Liabilities and control the liquidity gaps within the limits defined in the Bank's policies.

- Measure and Manage Market Risk According to the Standard Requirements of Basel II and Basel III

Based on best practices in managing Market Risk and Liquidity Risk, the Bank is pursuing a policy to manage these risks as approved by the Board of Directors and that by relying on several methodologies and techniques and models to measure and assess and monitor these risks on an ongoing basis, In addition to estimating the required capital for Market Risk and other applications with the instructions of the Central Bank of Jordan and the standard for the application of Basel II.

The Bank takes into account the implementation of the best practice and techniques applied by Basel III.

During 2012, the Bank have been calculated the impact study issues by Basel III Committee Under Central Bank of Jordan instructions, which suggested strengthening the financial systems in the field of risk management, liquidity and capital adequacy.

The Bank continues to develop and apply the general framework for managing all types of material risks and other risks which faced the Bank, in order to estimate the capital required to meet those risks, which suit the Bank's risk profit, nature and level of risks, Bank's strategy and the size of the Bank and the complexities of its activities.

Add to the adoption of Stress Testing to assess the Bank's ability to meet the exposures of risk in the difficult situations and circumstances and analysis of these scenarios that would recognise the events and possible changes that might occur on the market, which could have a negative impact on the Bank's performance.

The Bank maintains statutory cash reserve with the Central Banks amounting to JD 77,323,728.

The table below summarises the maturity profile of the Bank's financial liabilities as of 31 December based on contractual undiscounted repayment obligations:

	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 or more years	No Fixed Maturity	Total
2012	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
Liabilities								
Banks and financial institution deposits	98,668,478	302,078	-	-	-	-	-	98,970,556
Customers' deposits	642,885,806	234,716,103	207,580,261	148,584,515	176,247,017	-	-	1,410,013,702
Margin accounts	4,080,697	3,370,032	7,755,867	6,313,613	11,898,660	8,970,501	-	42,389,370
Loans and borrowings	96,193,340	32,679	12,133,394	31,926,625	4,334,298	67,133,438	-	211,753,774
Sundry provisions	715,845	310,658	664,236	1,290,446	7,287,495	1,549,813	-	11,818,493
Income tax liabilities	75,000	-	11,899,827	4,846,545	6,243,568	-	-	23,064,940
Deferred tax	-	-	-	-	-	-	2,012,463	2,012,463
Other liabilities	15,494,991	6,631,074	3,377,647	1,545,915	1,754,896	2,777,679	471,121	32,053,323
Total Liabilities	858,114,157	245,362,624	243,411,232	194,507,659	207,765,934	80,431,431	2,483,584	1,832,076,621
Total Assets	846,375,016	149,202,683	98,096,690	121,833,314	339,352,392	116,589,807	352,885,912	2,024,335,814
2011								
Liabilities								
Banks and financial institution deposits	163,293,818	-	-	-	7,307,425	-	-	170,601,243
Customers' deposits	730,406,598	228,185,908	129,801,274	90,204,789	203,108,154	-	-	1,381,706,723
Margin accounts	10,627,726	2,924,200	6,977,801	5,625,785	12,836,192	9,043,290	-	48,034,994
Loans and borrowings	2,718,693	32,679	5,620,686	5,470,700	19,991,173	68,861,625	-	102,695,556
Sundry provisions	988,574	308,726	1,013,793	740,305	6,715,029	2,036,970	-	11,803,397
Income tax liabilities	3,340,000	-	10,401,070	1,798,590	7,082,323	-	-	22,621,983
Deferred tax	-	-	-	-	-	-	2,270,355	2,270,355
Other liabilities	14,388,268	3,625,740	2,155,124	1,986,454	973,572	1,824,055	233,788	25,187,001
Total Liabilities	925,763,677	235,077,253	155,969,748	105,826,623	258,013,868	81,765,940	2,504,143	1,764,921,252
Total Assets	893,762,045	148,024,246	117,991,442	137,309,931	249,343,460	126,078,129	267,854,008	1,940,363,261

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

Financial Assets and Liabilities that are settled net:

	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 or more years	Total
	JD	JD	JD	JD	JD	JD	JD
2012							
Derivatives held for hedging							
Interest rate swap					709,000		709,000
Forward currency contracts	-	-	-	-	9,926,000	-	9,926,000
	-	-	-	-	10,635,000	-	10,635,000
2011							
Derivatives held for hedging							
Interest rate swap	-	-	-	709,000	709,000	-	1,418,000
	-	-	-	709,000	709,000	-	1,418,000

Contingent Liabilities

	Less than 1 year	1 – 5 years	5 years or more	Total
2012	JD	JD	JD	JD
Acceptances and letters of credit	52,607,638	29,264,304	-	81,871,942
Letters of guarantee	40,513,344	15,188,514	898	55,702,756
Irrevocable commitments to extend credit	83,504,548	-	-	83,504,548
Total	176,625,530	44,452,818	898	221,079,246
2011				
Acceptances and letters of credit	53,957,116	5,707,867	-	59,664,983
Letters of guarantee	48,301,523	3,104,753	898	51,407,174
Irrevocable commitments to extend credit	79,575,208	-	-	79,575,208
Total	181,833,847	8,812,620	898	190,647,365

Operational Risk

Operational Risk is the risk of loss arising from system failure, human error, fraud or external events.

The general framework for the Operational Risk Management is as follows:
- Managing Operational Risk is the responsibility of all employees in the Bank through the proper application of policies and procedures that would curb these risks and exposures that arise during daily operations. A special department was established since 2005 to facilitate and support all departments of the Bank to carry out their duties in managing those risks.

- Because of the constant change in the environment of work as a result of the willingness of the Bank management to keep pace with technology and new banking products and services, the Bank has adopted and implemented several procedures to help the different departments identifying, measuring, following-up and controlling operating risks that arise from the introduction of new products and services.

- An Operational Risk Policy was developed to cover all the Bank's departments, branches and subsidiaries, which include risk appetite thresholds and risk limits.

- Defining the general Operational Risk Management framework of Risk Management, including defining the roles and responsibilities of all: the Board of Directors, the Risk Committee, senior management, directors of departments, Risk Management and Audit.

Implementing Operational Risk measurement techniques that aim at identifying risks to the Bank and evaluating them in terms of the magnitude of the impact and frequency of occurrence, in order to take appropriate action that would mitigate these risks through the implementation of the Control and Self Assessment System (CRSA), as well as data collection and review of actual and potential losses resulting from operations.

Compliance Risk

Pursuant to CBJ's instruction and in line with the international directions and updates as well as Basel's regulations, with the aim to ensure compliance of the Bank and its internal policies and procedures with all applicable laws, regulations, international banking standards and best practices as well as safe and sound banking practices disseminated by local and international regulatory and supervisory competent authorities, this Compliance and AML/CFT policy is issued with the approval of the Board of Directors in addition to the internal AML/CFT Manual. In addition, the Compliance and AML/CFT division was restructured to consist of two departments; Compliance Department and AML/CFT Department to monitor the Bank's compliance with applicable laws and regulations and best practices issued by regulatory competent authorities through well devised monitoring programmes and internal procedures oriented toward a risk-based approach.

The main objectives of the Compliance department are as follows:
- Identify, assess and manage Compliance Risks.

- Prepare and make available applicable laws and regulation files governing the nature and scope of work of all relevant divisions and departments on the Bank intranet and update these regularly to stay current with legal and regulatory updates; support and assist executive management to manage Compliance Risks.

- Advise and assist the Bank's management with all laws and regulations in relation to compliance.

- Monitor Compliance Risks through regulatory databases, which contain all laws and regulations issued by regulatory and competent authorities and which is updated and amended regularly in accordance with the latest regulatory updates that should be adhered to.

- Review and assess all preexisting and new banking products and services as well as internal policies and procedures to ensure that they are in strict compliance with applicable laws and regulations.

- Submit reports directly to the Compliance Committee, formed by the Board of Directors, regarding the scope and level of compliance the Bank and its international branches and subsidiaries.

With regards to Anti-money Laundering, an independent AML Department was formed and restructured within the Compliance and AML/CFT dvision. The division recruited highly qualified and trained staff along with the automated AML/CFT Systems and Software Solutions to perform its work in accordance with policies and procedures approved by the Board of Directors and in accordance with Anti-money Laundering Law No. 46 of 2007 and its amendments, together with AML/CFT instructions issued by Central Bank of Jordan and international best practice in this regard to lessen and mitigate the risks involved with those transactions; the aim of which is to identify the procedures applicable and appropriate to financial transactions and to apply due diligence measures to identify pre-existing and potential customers and to understand their legal and personal capacity and status and the ultimate beneficial owner and the ongoing monitoring and reviewing of such transactions during the period of the banking relationship.

The main objectives of the AML department are as follows:

1- Ensure the Bank's compliance with all AML/CFT Policies and procedures as approved by the competent authority within the Bank.

2- Ensure the Bank's compliance with all applicable laws and regulations issued by competent authorities.

3- Prohibit and protect the Bank's reputation and image from any allegation of involvement with money laundering and terrorist financing.

4- Prohibit the use of banking products and services in money laundering and terrorist financing transactions.

5- Participate in national and international efforts and initiatives relevant to Anti-money Laundering and combating terrorism financing.

6- Protect the Bank and its employees from being exposed to AML/CFT risks, which might lead to material financial losses or regulatory, legal, administrative, civil and criminal sanctions and liability.

(43) Segment Information

For management purposes the Bank is organised into three major business segments in accordance with the reports sent to the chief operating decision maker:

Retail banking: Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and funds transfer facilities;

Corporate banking: Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;

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

The following is the Bank's segment information:

2012	Retail Banking	Corporate Banking	Treasury	Other	Total	
					2012	2011
	JD	JD	JD	JD	JD	JD
Total revenues	86,685,492	28,549,202	36,857,448	703,039	152,795,181	145,887,389
Impairment loss on credit facilities	2,168,449	1,204,957	-	-	3,373,306	1,707,073
Impairment loss on financial assets at amortised cost	-	-	-	-	-	141,800
Segmental results	63,325,953	20,022,799	27,064,001	703,039	111,115,792	113,368,579
Unallocated expenses					60,763,416	62,443,984
Profit before tax					50,352,376	50,924,595
Income tax					15,066,202	14,328,181
Net profit					35,286,174	36,596,414
Other information						
Segmental assets	663,582,227	343,754,572	940,147,305	76,851,710	2,024,335,814	1,940,363,261
Segmental liabilities	757,176,491	355,791,328	603,194,482	66,936,756	1,783,099,057	1,716,792,908
Capital expenditure					6,778,997	8,525,119
Depreciation and amortisation					7,492,960	7,519,801

2. Geographical Information

The following table shows the distribution of the Bank's profit assets and capital expenditure by geographical segment, the Bank operates in Jordan and Palestine.

	Jordan		Outside Jordan		Total	
	2012	2011	2012	2011	2012	2011
	JD	JD	JD	JD	JD	JD
Total profits	131,563,021	118,627,467	21,232,160	27,259,922	152,795,181	145,887,389
Total assets	1,587,269,018	1,495,364,439	437,066,796	444,998,822	2,024,335,814	1,940,363,261
Capital expenditure	5,551,776	5,308,756	1,227,221	3,216,363	6,778,997	8,525,119

(44) Capital Management

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, amongst other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the Central Bank of Jordan.

According to Central Bank of Jordan regulation (52/2010), the minimum paid in capital of Jordanian banks should be JD 100 million before the end of 2011. In addition, the regulation requires a minimum leverage ratio of 6%.

The Bank, since its inception, has always maintained an adequate capital adequacy ratio that exceeds the minimum required by the Central Bank of Jordan of 12% (8% as per BIS rules/ratios).

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. No changes were made in the objectives, policies and processes from previous years.

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, reserves, retained earnings including current year profit, less accrued dividends. Certain adjustments are made to IFRS-based results and reserves, as prescribed by the Central Bank of Jordan. The other component of regulatory capital is Tier 2 capital, which includes subordinated long term debt, preference shares and revaluation reserves which should not exceed 45% of the full amount if it was positive and deducted in full if it was negative. The third component of capital is Tier 3, which is used against Market Risk. Investments in the capital of banks and other financial institutions are deducted from regulatory capital if not consolidated in addition to investments in the capital of insurance companies. Also, excess over 10% of the Bank's capital if invested in an individual company investee and excess over 50% of the Bank's capital for aggregate investments is deducted from regulatory capital.

Capital adequacy ratio is calculated according to Central Bank of Jordan regulation that is compliant with BIS rules as follows:

	2012 JD	2011 JD
Primary Capital		
Paid in capital	100,000,000	100,000,000
Statutory reserve	42,947,195	37,749,106
Voluntary reserve	1,321,613	1,321,613
Cyclical reserve	3,222,382	2,318,759
Retained earnings	54,351,798	43,007,553
Less:		
Investment in banks and financial companies	146,248	15,943
Assets obtained by the Bank by calling on collateral more than four years	9,380,491	4,749,145
Intangible assets	7,313,881	6,213,805
Total Primary capital	185,002,368	173,418,138
Additional capital		
Cumulative change in fair value for available for sale securities	-	-
Fair value reserve	1,388,603	1,732,823
General banking risk reserve	10,700,000	10,150,000
Less:		
Investment in banks and financial companies	146,248	15,943
Total additional capital	11,942,355	11,866,880
Total regulatory capital	196,944,723	185,285,018
Total risk weighted assets	1,319,553,143	1,234,897,462
Capital adequacy (regulatory capital) (%)	14,93	15,00
Capital adequacy (primary capital) (%)	14,02	14,04

* According to Basel II regulations, 50% of the value of the investments in banks and subsidiaries is eliminated from the total primary capital and 50% from regulatory capital.

(45) Maturity Analysis of Assets and Liabilities

The table below shows an analysis of Assets and Liabilities analysed according to when they are expected to be recovered or settled:

2012-	Within year 1	More than year 1	Total
	JD	JD	JD
Assets			
Cash and balances at Central Banks	211,280,174	-	211,280,174
Balances at banks and financial institutions	189,873,760	-	189,873,760
Deposits at banks and financial institutions	18,500,000	-	18,500,000
Financial assets at fair value through profit or loss	26,746,897	111,245	26,858,142
Financial assets at fair value through other comprehensive income	26,593,505	-	26,593,505
Direct credit facilities	254,113,486	753,223,313	1,007,336,799
Financial assets at amortised cost	118,737,328	239,944,114	358,681,442
Financial assets pledged as collateral	40,021,701	68,338,581	108,360,282
Property and equipment	3,660,422	30,934,997	34,595,419
Intangible assets	3,601,941	3,711,940	7,313,881
Deferred tax assets	435,380	-	435,380
Other assets	16,738,023	17,769,007	34,507,030
Total Assets	910,302,617	1,114,033,197	2,024,335,814
Liabilities			
Banks and financial institution deposits	98,758,619	-	98,758,619
Customers' deposits	1,280,828,510	119,496,699	1,400,325,209
Margin accounts	21,435,074	20,538,713	41,973,787
Loans and borrowings	136,614,301	36,327,923	172,942,224
Sundry provisions	2,981,185	8,837,308	11,818,493
Income tax liabilities	16,821,372	6,243,568	23,064,940
Deferred tax liabilities	2,012,463	-	2,012,463
Other liabilities	27,670,747	4,532,575	32,203,322
Total Liabilities	1,587,122,271	195,976,786	1,783,099,057
Net Assets	(676,819,654)	918,056,411	241,236,757

2011-	Within year 1	More than year 1	Total
	JD	JD	JD
Assets			
Cash and balances at Central Banks	131,887,099	-	131,887,099
Balances at banks and financial institutions	287,130,970	-	287,130,970
Deposits at banks and financial institutions	3,500,000	-	3,500,000
Financial assets at fair value through profit or loss	24,640,456	-	24,640,456
Financial assets at fair value through other comprehensive income	25,910,213	-	25,910,213
Direct credit facilities	230,795,066	716,794,927	947,589,993
Financial assets at amortised cost	212,905,773	224,432,553	437,338,326
Financial assets pledged as collateral	3,000,000	-	3,000,000
Property and equipment	5,645,544	30,810,069	36,455,613
Intangible assets	895,109	5,318,696	6,213,805
Other assets	18,969,735	17,727,051	36,696,786
Total Assets	945,279,965	995,083,296	1,940,363,261
Liabilities			
Banks and financial institution deposits	163,128,471	7,000,000	170,128,471
Customers' deposits	1,231,509,891	143,624,474	1,375,134,365
Margin accounts	26,029,064	21,394,048	47,423,112
Loans and borrowings	10,896,301	51,327,923	62,224,224
Sundry provisions	3,051,398	8,751,999	11,803,397
Income tax liabilities	15,539,660	7,082,323	22,621,983
Deferred tax liabilities	2,270,355	-	270,355 ,2
Other liabilities	22,389,374	2,797,627	25,187,001
Total Liabilities	1,474,814,514	241,978,394	1,716,792,908
Net Assets	(529,534,549)	753,104,902	223,570,353

(46) Fiduciary Accounts

Fiduciary Accounts amounted to JD 2,527,490 as of 31 December 2012 (2011: JD 2,547,196). Such assets or liabilities are not included in the Bank's Statement of Financial Position.

(47) Contingent Liabilities and Commitments

a) The total outstanding Commitments and Contingent Liabilities are as follows:

	2012	2011
	JD	JD
Letters of credit:		
Received	253,031,284	114,135,834
Issued	81,071,972	55,382,633
Acceptances	799,970	4,282,350
Letters of guarantee:		
Payments	16,662,911	16,682,141
Performance	17,582,720	11,502,952
Other	21,457,125	23,222,081
Irrevocable commitments to extend credit	83,504,548	79,575,208
	474,110,530	304,783,199

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

	2012	2011
	JD	JD
Contracts to purchase property and equipment	1,325,292	1,951,911
	1,325,292	1,951,911

Annual rent of the Bank’s main building and the branches amounted to JD 3,025,962 as of 31 December 2012 (2011: JD 2,856,369).

(48) Lawsuits

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to approximately JD 24,583,722 as of 31 December 2012 (2011: JD 38,330,746).

Provision for possible legal obligations amounted to JD 5,343,415 as of 31 December 2012 (2011: JD 5,394,378).

In the opinion of the Bank’s management and legal counsel, the Bank maintains adequate provisions against the lawsuits.

(49) New and Amended International Financial Reporting Standards

The following new and revised IFRS have been issued up to 31 December 2012. However, these IFRS were not affective and were not applied by the Bank:

IFRS (10) Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities.

The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS (11) Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers.

IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The new standard will have no impact on the Bank's financial position of performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS (12) Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS (13) Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Bank is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

Amended Standards

IAS (1) Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Bank's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS (19) Employee Benefits (Amendment)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Bank does not expect any impact on the Bank's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS (27) Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Bank does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS (28) Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12. IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

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. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

Directory of Corporate Governance

Annual Report 2012

Cairo Amman Bank Gallery Exhibitions

Ahmad Nawash Exhibitions

Tchkillion Arab Exhibitions

Youth Creativity Competition
First Round

Children Painting Competition
Third Round

Jordanian Photographers Exhibition

1- Introduction

Cairo Amman Bank ("The Bank") gives a great deal of importance to proper corporate governance practices based on the principles of fairness, transparency, accountability and responsibility in order to enhance the trust of depositors, shareholders and other stakeholders and to ensure continuous monitoring of the Bank's adherence to set policies and limits, and with the Bank's goals. The Bank is also committed to the highest professional standards in all activities that conform to the regulations of the Central Bank of Jordan and of the regulatory authorities in countries where the Bank is present, and comply with best international practices. Accordingly, the Board of Directors ("The Board") has adopted this Corporate Governance Code.

2- Board of Directors

Duties and Responsibilities of the Board

The Board of Directors is responsible for supervising and monitoring all of the Bank's activities and the executive management, in addition to ensuring that all activities comply with the Central Bank of Jordan regulations and other regulatory authorities, for the interest of the shareholders, depositors and all relevant parties.

The main responsibilities of the Board of Directors include the following:

a. Setting the Bank strategic goals and overseeing the implementation thereof, in addition to directing the executive management to design plans for the implementation of these goals.

b. Ensuring and certifying that internal control systems are effective.

c. Reviewing all risks that face the Bank, and ensuring that they are managed properly by the executive management.

d. Ensuring that the Bank complies with all related law and regulations.

e. Appointing a General Manager with integrity, technical competence and experience in banking and monitoring his/her performance as well as approving the appointment of certain members of the executive management and ensuring they have the required expertise.

2.2 Composition of the Board

a. The Board of Directors is composed of twelve members elected by the General Assembly for a period of four years. The members of the Board have a range of skills and experiences that increases the effectiveness of the Board.

b. Among the Board's non-executive directors, there are at least three independent directors. An 'Independent Director' should meet the following requirements:

- Has not been employed by the Bank for the preceding three years
- Is not a relative (up to the second degree) of a member of the Bank's management
- Is not receiving a salary or compensation from the Bank except for the Board membership
- Is not a director or owner of a company with which the Bank does business, other that business relationship made in the ordinary course of the Bank's business and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated parties
- Is not, nor in the past three years, has been affiliated with or employed by a present or former external auditor of the Bank
- Is neither a shareholder with effective interest in the capital of the Bank nor affiliated with one.

c. The Board of Directors may include executive members that occupy position in the Bank, but should not exceed three members.

2.3 The Chairman of the Board

a. The Chairman of the Board ("The Chairman") may have executive authorities.

b. If the Chairman is an executive, the Bank will consider appointing and independent member of the Board as Deputy Chairman.

c. The position of the Chairman is separated from that of the General Manager. The division in responsibilities is set in writing and subject to review and revision from time to time as necessary and is approved by the Board.

d. There should be no family connection between the Chairman and the General Manager up to the third degree.

e. The Chairman promotes a constructive relationship between the Board and the executive management, and between the executive directors and the non-executive directors within the Board.

f. The Chairman ensures that both directors and shareholders receive adequate information on a timely basis.

3- Board Practices

a. The Board holds no less than six meetings every year, with no more than two months between each two meetings, to discuss matters proposed by the executive management and all other matters the Board deems necessary.

b. The executive management provides board members with adequate information sufficiently in advance of the meetings to enable them to reach informed decisions.

c. Each Board member is provided with a formal appointment letter upon his/her election, in which he/she is advised about his/her rights, responsibilities and duties including activities that require the Board authorisation limit.

d. A permanent written record of the Board's discussions and votes is kept by the Board Secretary who is also responsible to ensure that Board procedures are followed, and that information is conveyed between members of the Board, the members of the Board Committees and the executive management.

e. The Board reaches its decisions based on the absolute majority of members' vote, in the case of an even vote, the decision that the Chairman voted for is approved.

f. Board members and any of the Board's Committees have access to executive management. In addition, members of the executive management may, upon the request of the Chairman, attend Board meetings and present information related to their area of responsibility.

g. Board members and any of the Board's Committees are entitled to use external sources to enable them to adequately fulfill their duties.

4- Board Committees

The Board of Directors has several specialised committees, each has its own duties and responsibilities according to its charter and they work integrally with the Board to achieve the Bank's goals and enhance its efficiency. The Bank utilises formal and transparent process for appointments to the Board Committees:

Corporate Governance Committee

The Corporate Governance Committee is comprised of the Chairman of the Board and two non-executive directors.

The duties of the Corporate Governance Committee include directing the preparation of the Bank's Corporate Governance Code and supervising its implementation. In addition to constantly reviewing the code and recommending changes or additions to it, in order to improve the code and the efficiency of the Board.

4.2 Audit Committee

The Audit Committee comprises of at least three non-executive members, at least two of them are independent directors. The Bank's policy is that at least two members of the Audit Committee should have relevant financial management qualifications and/or expertise.

The duties of the Audit Committee include:

- Reviewing the financial statements before being presented to the Board of Directors, in addition to meeting with external auditors and making necessary recommendations

- Supervising internal audit activities, including reviewing the annual internal audit plan, and the internal audit reposts.

- Recommending to the Board of Directors the accounting policies and practices of the Bank as well as reviewing all accounting issues that have a significant effect of the financial statements.

- Reviewing the Bank's internal controls and its adequacy through the reports of the internal audit department and the external auditors.

- Recommending to the Board of Directors 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.

The Audit Committee meets on a regular basis every three months, the Head of Internal Audit attends its meetings. The Audit Committee has the ability to obtain any information from executive management, and the ability to call any executive of Director to attend its meetings.

The Audit Committee meets each of the Bank's external auditors, its internal auditors, without executive management being present, at least once a year.

The Bank recognises that the Audit Committee does not substitute for the responsibilities of the Board of Directors or the Bank's executive management for the supervision and adequacy of the Bank's internal control structure.

4.3 The Nominations and Remuneration Committee

The Nominations and Remuneration Committee is comprised of three non-executive directors, the majority of which, including the committee chairman, are independent.

The Committee's duties include:

- Setting the method to assess the effectiveness of the Board and its Committees

- Making the determination of whether a Directors is Independent considering the minimum standards for independence set out in this code.

- Nominating board appointments to the General Assembly

- Providing background briefing material for Directors as requested, as well as ensuring that they are kept up to date on relevant banking topics.

- Recommending to the Board the remuneration, including monthly salary and other benefits, of the General Manager. The Nominations and Remuneration Committee also reviews the bonuses and other remuneration of other executive management.

- The Nomination and Remuneration Committee ensures that the Bank has a remuneration policy sufficient to attract and retain qualified individuals and is in line with the Banks peers in the market.

The Committee meets on a regular basis, and members of the executive management are invited to attend its meetings, if necessary.

4.4 Risk Management Committee

The Risk Management Committee is comprised of the Chairman of the Board and two non-executive directors.

The duties of the Risk Management Committee include:

- Reviewing Risk Management strategy before being approved by the Board, and assessing its effectiveness on a continuous basis
- Ensuring the existence of policies and framework of the risk management function, and reviewing them on a regular basis.
- Overseeing the Head of Risk Management and the annual plan of the department activities.
- Ensuring that the risk management function has adequate expertise and resources to fulfill its responsibilities.
- Reviewing assumptions used in risk measurement models.
- Overseeing the development of risks database.
- Reviewing stress tests on Credit, Liquidity, Market and Operational Risks and approving contingency planning.
- Reviewing the reports of the Risk Management department
- Monitoring the Bank's preparation and implementation of Basel II with respect to risk management and measurement issues.
- Receiving regular reports from the Assets and Liabilities Committee
- Receiving and acting on compliance and internal audit reports that tar relevant to the risk function
- Ensuring the existence of business continuity plan and testing it on a regular basis.

The Risk Management Committee meets at least four times a year, and submits reports to the Board of Directors on a regular basis. The General Manager, Deputy General Manager for Banking Operations, Head of Finance, Head of Risk and the Assistant General Manager/Regional Manager of Palestine Branches attend its meetings.

4.5 Investments Committee

The Investment Committee is comprised of the Chairman of the Board and two non-executive directors.

The Committee sets and reviews the Bank's investment policy and looks into new investments opportunities.
The Committee meets on a regular basis, and members of the executive management may be invited to attend its meetings, if necessary.

4.6 Compliance Committee

The Compliance Committee comprises of at least three non-executive members

The duties of the Compliance Committee include:

- Reviewing the Compliance strategy before being approved by the Board, and assessing its effectiveness on a continuous basis
- Ensuring the existence of policies and framework of Compliance function, and reviewing them on a regular basis.
- Overseeing the Head of Compliance and Anti-money Laundering and the annual plan of the department activities.
- Ensuring that the Compliance/Anti-money Laundering function has adequate expertise and resources to fulfill its responsibilities.
- Reviewing the reports of the the Compliance and Anti-money Laundering department
- Receiving and acting on internal audit reports that are relevant to the the Compliance/AML function

The Compliance Committee meets on a regular basis every three months; the Head of Compliance/AML attends its meetings.

5- Self Assessment

a. The Board assesses its own performance and the performance of its committees on an annual basis. The Nominations and Remuneration Committee is responsible for receiving the assessment from the Directors, reviewing them and providing to the Board with a report summarizing the self assessment. The Board discusses this report in order to enhance its performance if needed.

b. The Nominations and Remuneration Committee in coordination with the Chairman formally evaluate the performance of the General Manager and submits its evaluation to the Board.

c. The Board approves executive management succession plans which set out the required qualifications and requirements of the positions.

6- Related Party Transactions

a. Related party transactions between the Bank and its employees or Directors or their companies or other related parties, including lending and share trading transactions, are done according to rules and procedures that comply with Central Bank of Jordan regulation.

b. Credit extended to Directors and their companies are made in accordance with the Bank's related parties credit policies and are reported to the Board of Directors for review.

c. Credit extended to Directors and their companies are made at market rates and not on preferential terms.

d. Directors involved in any credit transaction do not participate in discussions nor do they vote on it.

e. All related party transactions are disclosed in the Bank's Annual Report as well all interim financial statements.

The Bank's internal controls ensure that all related party transactions are handled in accordance with the set policies.

7- Internal Controls

a. The Board ensures that the Bank maintains a high degree of integrity in its operations. Formal policies, including a Code of Conduct, and definitions and controls on conflicts of interest and insider dealing, have been established and are published to all employees.

b. The Bank has written policies covering all banking operations. 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 as part of its lending and credit approval process assesses the quality of corporate governance in its corporate borrowers, especially public shareholding companies, and includes the strength or weakness of their corporate governance practice in the borrower's risk assessment.

d. Executive management is responsible for implementing the risk management strategies that have been approved by the Board, and for developing the policies and procedures for managing the various types of risk.

e. The structure and development of a coherent and comprehensive risk management department within the Bank is proposed by the executive management, reviewed by the Risk Management Committee, and approved by the Board.

f. The Bank adopted the "Whistle Blowing Policy", whereby employees can confidentially raise concerns about possible irregularities, and that allow for such concerns to be independently investigated and followed up.

g. The Bank's management is responsible for establishing and maintaining adequate internal control structure over financial reporting for the Bank

h. The Bank's internal control structure is reviewed at least once a year by internal and external auditors.

i. The Bank requires the regular rotation of the external audit between audit 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.

8- Internal Audit

a. The Bank provides the Internal Audit Department with staff adequately resourced, trained and remunerated.

b. The Internal Audit Department has full access to the Bank's records and employees, and is given sufficient standing and authority within the Bank to adequately carry out its tasks. The functions, duties and responsibilities of the Internal Audit Department are documented within the Internal Audit Charter which is approved by the Board and published within the Bank.

c. The Internal Audit Department reports primarily to the Chairman of the Audit Committee.

d. The Internal Audit employees do not have any operational responsibilities. Internal Audit is responsible for proposing the structure and scope of the audit schedule, and any potential conflicts of interest are reported to the Audit Committee.

e. The Internal Audit reports may by discussed with the departments and operational units being audited, but the Internal Audit Department is allowed to operate and make a full and honest report without outside influence or interference.

f. The Internal Audit Department reviews the Bank's financial reporting as well as compliance with internal policies, international standards, procedures and applicable laws and regulations.

9- Risk Management

a. Risk Management is the responsibility of all departments and operational units within the Bank.

b. The Risk Management Department reports to the Risk Management Committee and on a day-to-day operational basis it reports to the General Manager.

c. The functions of the Risk Management Department are assisted by a network of properly constituted, authorised and documented committees such as the Assets and Liabilities Committee, Investment Committee and Credit Committees.

d. The responsibilities of the Risk Management Department include:

- Analyzing all risks including Credit Risk, Market Risk, Liquidity Risk and Operational Risk
- Developing methodologies for measuring and controlling each risk
- Recommending limits to Risk Management Committee and the approval, reporting and recording of exceptions to the risk policy
- Providing the Board and the executive management with information on risk metrics and on the Bank risk profile.
- Providing information about risks to be used in the Bank's published statements and reports.

10- Compliance

a. The Bank has an independent Compliance function which is adequately resources, trained and remunerated.

b. The Compliance department establishes effective mechanisms to ensure that the Bank complies with all applicable laws and regulations. The Department's functions, duties and responsibilities are documented and published within the Bank.

c. The Compliance department is responsible for developing the Compliance policy of the Bank and ensuring its implementation throughout the Bank. The Board is responsible for approving the Compliance policy and overseeing its implementation.

d. The Compliance department reports to the Risk Management Committee, with copies of its reports sent to the General Manager.

11- Relationship with Shareholders

a. The Bank takes active steps to encourage shareholders, in particular minority shareholders, to participate in the annual General Assembly, and also to vote either in person or in their absence by proxy.

b. The Bank's policy is that the Chairmen of all Board Committees should be present at the annual General Assembly.

c. Representatives from the external auditors attend the annual General Assembly to answer questions about the audit and their auditors' report. External auditors are elected by the shareholders at the General Assembly.

d. Voting is done on each separate issue that is raised at the General Assembly.

e. Notes, minutes and a report of the proceedings of the annual General Assembly, including the results of voting, and the questions from shareholders and executive managements responses, are prepared and made available to shareholders after the annual General Assembly.

12- Transparency and Disclosures

a. The Bank disclosures are made in accordance with the International Financial Reporting Standards (IFRS), the regulations issued pursuant to the Banking Law and to other related legislations.

b. The Bank provides meaningful information on its activities to shareholders, depositors, financial market counterparties, regulators and the public in general. The Bank also discloses significant issues in accordance with Jordan Securities Commission regulations.

c. The Bank follows The Disclosure Regulation issued by Jordan Securities Commission and the regulation of the Central Bank of Jordan for information that should be disclosed in the Bank Annual Report.

d. The Bank's Annual Report includes information about the structure and operation of the Risk Management Department, in addition to a detailed description of the Bank's risks and the methods for managing them.

e. The Annual Report includes a statement from the Board of Directors acknowledging their responsibility for the preparation of the financial statements and the contents of the Annual Report, and their accuracy and completeness noting that the Bank maintains an effective internal control structure.

f. The Bank prepares quarterly reports that include quarterly financial statements, as well as preparing analysis of the Bank's results of operations which allow investors to understand current and future operating results and the financial condition of the Bank.

g. The Head of Finance Department is handling the function of investor relations through providing comprehensive, objective and up to date information on the Bank, its financial condition and performance and its activities.

h. The Bank discloses in its Annual Report its corporate governance code and details of its compliance.

i. The Bank discloses in its Annual Report summary organisation chart.

j. The Bank discloses in its Annual Report summaries of the duties and responsibilities of Board Committees including the members of these committees.

k. The Bank discloses in its Annual Report a summary of the remuneration policy, including the amounts paid to the members of the executive management.

The Bank complies with all articles of the Corporate Governance Code except:

- Having approved succession plan for executive management
- Having approved remuneration and bonus policy.

Corporate Governance Code Issued by Jordan Securities Commission

Jordan Securities Commission approved the governance code for public shareholding companies listed in the Amman Stock Market. The code took effect as of 1/1/2009; including mandatory rules formulated on the basis of binding legal provisions of effective legislations. The code states that in the initial stage, implementation of the directive rules must be consistent with the Compliance method; otherwise proper justification for non-compliance must be stated.

The Bank is committed to the implementation of all mandatory and directive rules embodied in the code with the exception of the following directive rules:

- Members of the Board of Directors are not elected by the general assembly according to accumulative voting system, because that is a right of the shareholders as stated in the Companies Law.

- Rules for granting incentives and bonuses to members of the executive management are decided on an annual basis by the Board of Directors based on the Bank's annual results.

- All Audit Committee members are non-executives. Only one independent board member serves on the Audit Committee, who accordingly will not assume the position of Head of the Committee.

- The Bank is not obligated to exclude from the General Assembly's meeting any new items not listed in the agenda sent to the shareholders, because that is a right of the shareholders under the Companies Law.

- The background of shareholders wishing to run for the Board of Directors membership is not to be attached to the invitation sent to the shareholders to attend the General Assembly's meeting.

- The Bank adheres to the provisions of the Companies Law as to calling for an extraordinary meeting of the General Assembly to request the resignation of the Board of Directors or one of its members or to request an audit of the Company's operations and records.

- The external auditor may do additional work that serves the Banks interest, provided that it does not constitute a conflict of interest and that it is reported in the Annual Report.

Bank's Branches and Offices

Some of Cairo Amman Bank's New Branches During 2012

Ajloun Branch

Irbid Branch - Al-Hashimi Street

Rusaifa Branch

Jordan University Student Office - Amman

German Jordanian University Branch - Madaba

Zarqa Branch - Army Street

The Bank's Branches and Offices

Head Office
Number of Employees: 759
Arar Street, Wadi Saqra
Telephone: 06 5006000, Fax: 06 5007100
P.O. Box 950661, Amman 11195, Jordan

Jordan's Branches and Offices

Abu Alanda Branch
Number of Employees: 9
Tel.: 06 4162857 Fax: 06 4164801
P.O. Box 153, Amman 11592, Jordan

Abu Nseir Branch
Number of Employees: 12
Tel.: 06 5105719/20 Fax: 06 5105716
P.O. Box 2459, Amman 11941, Jordan

Ajloun Branch
Number of Employees: 8
Tel.: 02 4622895 Fax: 02 4622897
P.O. Box 55, Amman 26810, Jordan

Al - Al Beit University
Number of Employees: 9
Tel.: 02 6231856 Fax: 02 6234655
P.O. Box 130066, Mafraq 25113, Jordan

Al Abdali Branch
Number of Employees: 11
Tel.: 06 5650853 Fax: 06 5602420
P.O. Box 928507, Amman 11190, Jordan

Al Baqa'a Branch
Number of Employees: 8
Tel.: 06 4728190 Fax: 06 4726810
P.O. Box 1215, Amman 19381, Jordan

Al Bayader Branch
Number of Employees: 16
Tel.: 06 5859504 Fax: 06 5814933
P.O. Box 140285, Amman 11814, Jordan

Al Fuheis Branch
Number of Employees: 9
Tel.: 06 5373061 Fax: 06 5373064
P.O. Box 180, Al Fuheis 19152, Jordan

Al Hurrieh Street Branch
Number of Employees: 8
Tel.: 06 4205923 Fax: 06 4206962
P.O. Box 515, Amman 11623, Jordan

Al Hussein Bin Talal University Branch
Number of Employees: 9
Tel: 03 2135071 Fax: 03 2134985
P.O. Box 13, Ma'an 71111, Jordan

Al Hussein Bin Talal University – Gate Office Branch
Number of Employees: 3
Tel.: 03 2136420 Fax: 03 2136419
P.O. Box 13, Ma'an 71111, Jordan

Al Karak Al Thunaya Branch
Number of Employees: 15
Tel.: 03 2387630 Fax: 03 2387626
P.O. Box 6, Al Karak 61151, Jordan

Al Madinah Al Monwra Street Branch
Number of Employees: 15
Tel: 06 5560285 Fax: 06 5537957
P.O. Box 1301, Amman 11953, Jordan

Al Mafraq Branch
Number of Employees: 15
Tel.: 02 6235516 Fax: 02 6235518
P.O. Box 1308, Al Mafraq 25110, Jordan

Al Mahata Branch
Number of Employees: 9
Tel.: 06 4651326 Fax: 06 4651991
P.O. Box 6180, Amman 11118, Jordan

Al Qweismeh - Madaba Street Branch
Number of Employees: 17
Tel.: 06 4771333 Fax: 06 4751737
P.O. Box 38971, Amman 11593, Jordan

Al Rusaifeh Branch
Number of Employees: 9
Tel.: 05 3741106 Fax: 05 3742275
P.O. Box 41, Al Rusaifeh 13710, Jordan

Al Rusaifeh - Jabal Shamali Branch
Number of Employees: 7
Tel.: 05 3755785 Fax: 05 3755796
P.O. Box 120225, Al Rusaifeh 13712, Jordan

Al Salt Branch
Number of Employees: 15
Tel.: 05 3550636 Fax: 05 3556715
P.O. Box 1101, Al Salt 19110, Jordan

Al Salt – King Abdullah II Street Branch
Number of Employees: 9
Tel.: 05 3500173 Fax: 05 3500178
P.O. Box 214, Al Balqa' 19328, Jordan

Al Shobak Office
Number of Employees: 3
Tel.: 032165473 Fax: 032165477
P.O. Box 13 Ma'an 71111, Jordan

Al Sweifieh Branch
Number of Employees: 14
Tel.: 06 5865805 Fax: 06 5863140
P.O. Box 715, Amman 11118, Jordan

Al Wahdat Branch
Number of Employees: 8
Tel.: 06 4771172/1 Fax: 06 4753388
P.O. Box 715, Amman 11118, Jordan

Al Weibdeh Branch
Number of Employees: 10
Tel.: 06 4637404 Fax: 06 4637438
P.O. Box 715, Amman 11118, Jordan

Al Yasmeen Branch
Number of Employees: 11
Tel.: 06 4201748 Fax: 06 4201459
P.O. Box 38971, Amman 11593, Jordan

Al Zarqa Branch
Number of Employees: 15
Tel.: 05 3982729 Fax: 05 3931424
P.O. Box 39, Al Zarqa 13110, Jordan

Al Zarqa Branch – Army Street
Number of Employees: 12
Tel: 05 3968031 Fax: 05 3968033
P.O. Box 151180, Al Zarqa 13115, Jordan

Al Zarqa – Baghdad Street Branch
Number of Employees: 8
Tel.: 05 3931984 Fax: 05 3931988
P.O. Box 150746, Al Zarqa 13115, Jordan

Al Zarqa Al Jadideh Branch
Number of Employees: 7
Tel.: 05 3864118 Fax: 05 3864120
P.O. Box 12291, Al Zarqa 13112, Jordan

Amman Branch
Number of Employees: 21
Tel.: 06 5006001 Fax: 06 4639328
P.O. Box 715, Amman 11118, Jordan

Aqaba – Tunisian Baths Street Branch
Number of Employees: 10
Tel.: 03 2018452 Fax: 03 2018456
P.O. Box 1177, Aqaba 77110, Jordan

Aqaba - Yarmouk Street Branch
Number of Employees: 16
Tel.: 03 2019787 Fax: 03 2015550
P.O. Box 1166, Aqaba 77110, Jordan

Aswaq Al Salam Branch
Number of Employees: 10
Tel.: 06 5859045/6 Fax: 06 5857631
P.O. Box 140285, Amman 11814, Jordan

Bani Kenana Branch
Number of Employees: 8
Tel.: 02 7585191 Fax: 02 7585211
P.O. Box 109, Irbid 21129, Jordan

City Mall Branch
Number of Employees: 11
Tel.: 06 5820028 Fax: 06 5864726
P.O. Box 2688, Amman11821, Jordan

Cozmo Office
Number of Employees: 4
Tel.: 06 5821634 Fax: 06 5814933
P.O. Box 140285, Amman 11814, Jordan

C-Town Branch – 7th Circle
Number of Employees: 7
Tel.: 06 5861724 Fax: 06 5816145
P.O. Box 715, Amman 11118, Jordan

Deir Abi Saeed Office
Number of Employees: 5
Tel.: 026522190 Fax: 026522195
P.O. Box 55 Irbid 26810, Jordan

German Jordanian University Branch
Number of Employees: 5
Tel.: 06 4250525 Fax: 06 4250545
P.O. Box 440, Madaba 17110, Jordan

Ghor Al Safi Branch
Number of Employees: 8
Tel.: 03 2300436 Fax: 03 2300438
P.O. Box 57, Karak, Jordan

Hakma Street Branch
Number of Employees: 10
Tel: 02 7408377 Fax: 02 7412545
P.O. Box 336, Irbid 21110, Jordan

Hashmi Al Shamali Branch
Number of Employees: 8
Tel.: 06 5055390 Fax: 06 5055401
P.O. Box 231106, Amman 11123, Jordan

Irbid Branch
Number of Employees: 16
Tel.: 02 7257531 Fax: 02 7279207
P.O. Box 336, Irbid 21110, Jordan

Irbid – Omar Al Mokhtar Street Branch
Number of Employees: 12
Tel.: 02 7250950 Fax: 02 7250954
P.O. Box 150002, Irbid 21141, Jordan

Irbid - Square Branch
Number of Employees: 11
Tel.: 02 7240071/4 Fax: 02 7240069
P.O. Box 2066, Irbid 21110, Jordan

Jabal Al Hussein Branch
Number of Employees: 14
Tel: 06 5604974 Fax: 06 5605632
P.O. Box 8636, Amman 11121, Jordan

Jabal Amman Branch
Number of Employees: 13
Tel.: 06 4625228 Fax: 06 4618504
P.O. Box 2018, Amman 11181, Jordan

Jerash Branch
Number of Employees: 10
Tel.: 02 6341869 Fax: 02 6341870
P.O. Box 96, Jerash, Jordan

Jomrok Amman Office
Number of Employees: 3
Tel.: 064705447 Fax: 064705475
P.O. Box 38971 Amman 11593, Jordan

Jordan University Branch
Number of Employees: 21
Tel.: 06 5342225 Fax: 06 5333278
P.O. Box 13146, Amman 11942, Jordan

Jordan University Hospital Branch
Number of Employees: 10
Tel.: 06 5514072 Fax: 06 5333248
P.O. Box 13046, Amman 11942, Jordan

Jordan University – Student Office Aqaba Branch
Number of Employees: 4
Tel.: 03 2018454 Fax: 03 2018456
P.O. Box 1177, Aqaba 77110, Jordan

Jordan University – Student Office Branch
Number of Employees: 3
Tel.: 06 5342225 Fax: 06 5333278
P.O. Box 13146, Amman 11942, Jordan

King Abdullah Hospital Branch
Number of Employees: 8
Tel.: 02 7095723 Fax: 02 7095725
P.O. Box 336, Irbid 21110, Jordan

Leaders Center – Al Madina Al Tibbiyeh Street Branch
Number of Employees: 6
Tel.: 06 5331206 Fax: 06 5331209
P.O. Box 140350, Amman 11814, Jordan

Ma'adi Branch
Number of Employees: 10
Tel.: 05 3570030 Fax: 05 3571904
P.O. Box 27, Ma'adi 18261, Jordan

Ma'an Office
Number of Employees: 4
Tel.: 032136590 Fax: 032136594
P.O. Box 13 Ma'an 71111, Jordan

Madaba Branch
Number of Employees: 11
Tel.: 05 3253471/2/3 Fax: 05 3253465
P.O. Box 585, Madaba 17110, Jordan

Marka Branch
Number of Employees: 9
Tel.: 06 4896044 Fax: 06 4896042
P.O. Box 715, Amman 11118, Jordan

Marj Al Hamam Branch
Number of Employees: 10
Tel.: 06 5712383 Fax: 06 5711895
P.O. Box 30, Marj Al Hamam 11732, Jordan

Marriott Hotel Branch
Number of Employees: 5
Tel.: 06 5658764 Fax: 06 5623161
P.O. Box 715, Amman 11118, Jordan

Mecca Street Branch
Number of Employees: 11
Tel.: 06 5522850 Fax: 06 5522852
P.O. Box 1172, Amman 11821, Jordan

Mu'tah University Branch
Number of Employees: 16
Tel.: 03 2370182 Fax: 03 2370181
P.O. Box 88, Mu'tah 61710, Jordan

North Al Shooneh Office
Number of Employees: 3
Tel.: 026580816 Fax: 026580818
P.O. Box 3757 Irbid 21110, Jordan

Philadelphia University Branch
Number of Employees: 5
Tel.: 02 6374604 Fax: 02 6374605
P.O. Box 1, Jerash 19392, Jordan

Ports Corporations Offices
Number of Employees: 2
Tel.: 03 2019117 Fax: 03 2015550
P.O. Box 1166, Aqaba 77110, Jordan

Prince Hamza Hospital Branch
Number of Employees: 6
Tel.: 06 5055226 Fax: 06 5055204
P.O. Box 1047, Amman 11947, Jordan

Qasr Al Adel Branch
Number of Employees: 5
Tel.: 06 5677286 Fax: 06 5677287
P.O. Box 950661, Amman 11195, Jordan

Ramtha Branch
Number of Employees: 8
Tel.: 02 7384126/7 Fax: 02 7384128
P.O. Box 526, Ramtha 21410, Jordan

Science & Technology University Branch
Number of Employees: 11
Tel.: 02 7095713 Fax: 02 7095168
P.O. Box 3030, Irbid 22110, Jordan

Shmeisani Branch
Number of Employees: 12
Tel.: 06 5685074 Fax: 06 5687721
P.O. Box 962297, Amman 11196, Jordan

South Al Shooneh Office
Number of Employees: 3
Tel.: 053581322 Fax: 053581321
P.O. Box 27 Ma'di 18261, Jordan

Sweileh Branch
Number of Employees: 15
Tel.: 06 5335210 Fax: 06 5335159
P.O. Box 1400, Amman 11910, Jordan

Sweileh – Queen Rania Al Abdullah Street Branch
Number of Employees: 11
Tel.: 06 5332585 Fax: 06 5332485
P.O. Box 316, Amman 11910, Jordan

Tabarbour Branch
Number of Employees: 9
Tel.: 06 5054170 Fax: 06 5053916
P.O. Box 273, Amman 11947, Jordan

Tafileh Branch
Number of Employees: 8
Tel.: 03 2250756 Fax: 03 2250754
P.O. Box 175, Amman 66110, Jordan

Travel Depot - Irbid Branch
Number of Employees: 9
Tel.: 02 7249851 Fax: 02 7250715
P.O. Box 3757, Amman 21110, Jordan

Wadi Saqra Branch
Number of Employees: 15
Tel.: 06 5006000 Fax: 06 5007124
P.O. Box 950661, Amman 11195, Jordan

Yarmouk University Branch
Number of Employees: 10
Tel.: 02 7246053/9/84 Fax: 02 7241983
P.O. Box 336, Irbid 21110, Jordan

Yarmouk University – Student Office Branch
Number of Employees: 8
Tel.: 02 7270181 Fax: 02 6354012
P.O. Box 336, Irbid 21110, Jordan

Zara Mall Branch
Number of Employees: 16
Tel.: 06 5006220 Fax: 06 4618354
P.O. Box 17868, Amman 11195, Jordan

Wadi Mousa Office
Number of Employees: 4
Tel.: 032154975 Fax: 032154974
P.O. Box 13 Ma'an 71111, Jordan

Zarqa Office
Number of Employees: 3
Tel.: 053864118 Fax: 053826070
P.O. Box 12291 Zarqa 13112, Jordan

Consulting Centers

Consulting Center - Amman
Tel.: 06 5006000 Fax: 06 5007128
P.O. Box 950661, Amman 11195, Jordan

Consulting Center – Irbid
Tel.: 02 7257529 Fax: 02 7257530
P.O. Box 950661, Amman 11195, Jordan

Consulting Center – Jerash
Tel.: 02 6354010 Fax: 02 6354012
P.O. Box 96, Jerash, Jordan

Consulting Center – Zarqa
Tel.: 05 3975202 Fax: 05 3975203
P.O. Box 950661, Amman 11195, Jordan

Palestine Branches and Offices

Regional Management
Number of Employees: 284
Tel.: 02 2977230 Fax: 02 2952763
P.O. Box 1870, Ramallah, Palestine

Abu Baker Street Office – Jenin
Number of Employees: 14
Tel.: 04 2505270 Fax: 04 2503110
P.O. Box 67, Jenin, Palestine

Ain Sara Al Khalil Branch
Number of Employees: 10
Tel.: 02 2216801 Fax: 02 2221140
P.O. Box 663, Al Khalil, Palestine

Al Ahliya College – Ramallah Branch
Number of Employees: 23
Tel.: 02 2983500 Fax: 02 2955437
P.O. Box 2359, Ramallah, Palestine

Al Irsal – Ramallah Branch
Number of Employees: 15
Tel.: 02 2948100 Fax: 02 2951433
P.O. Box 4343, Bireh, Palestine

Al Mahd Square Branch – Bethlehem
Number of Employees: 9
Tel.: 02 2757770 Fax: 02 2757722
P.O. Box 601, Bethlehem, Palestine

Al Masyoun – Ramallah Branch
Number of Employees: 16
Tel.: 02 2977090 Fax: 02 2979755
P.O. Box 2419, Ramallah, Palestine

Al Rimal – Gaza Branch
Number of Employees: 15
Tel.: 08 2821077 Fax: 08 2821088
P.O. Box 5350, Gaza, Palestine

Al Saraya – Gaza Branch
Number of Employees: 10
Tel.: 08 2824950/1 Fax: 08 2824830
P.O. Box 167, Gaza, Palestine

Al Shallaleh – Al Khalil Branch
Number of Employees: 7
Tel.: 02 2229803/4 Fax: 02 2229327
P.O. Box 662, Al Khalil, Palestine

Al Najah University Office Branch
Number of Employees: 5
Tel.: 09 2343550 Fax: 09 2977167
P.O. Box 499, Nablus, Palestine

Bethlehem Branch
Number of Employees: 16
Tel.: 02 2756900 Fax: 02 2744974
P.O. Box 709, Bethlehem, Palestine

Deir Al Balah Branch
Number of Employees: 9
Tel.: 08 2531220 Fax: 08 2539947
P.O. Box 6007, Deir Al Balah, Palestine

Faisal Street – Nablus Branch
Number of Employees: 16
Tel.: 09 2383250 Fax: 09 2383256
P.O. Box 1559, Nablus, Palestine

Haifa Street – Jenin Branch
Number of Employees: 18
Tel.: 04 2418000 Fax: 04 2439470
P.O. Box 66, Jenin, Palestine

Jericho Branch
Number of Employees: 10
Tel.: 02 2323627 Fax: 02 2321982
P.O. Box 55, Jericho, Palestine

Khan Younes Branch
Number of Employees: 11
Tel.: 08 2054074 Fax: 08 2054084
P.O. Box 158, Khan Younes, Palestine

Nablus Branch
Number of Employees: 30
Tel.: 09 2393001 Fax: 09 2381590
P.O. Box 50, Nablus, Palestine

Qalqilya Branch
Number of Employees: 16
Tel.: 09 2941115 Fax: 09 2941119
P.O. Box 43, Qalqiliah, Palestine

Rafah Branch
Number of Employees: 12
Tel.: 08 2136251 Fax: 08 2136250
P.O. Box 8205, Rafah, Palestine

Tulkarem Branch
Number of Employees: 25
Tel.: 09 2688140 Fax: 09 2672773
P.O. Box 110, Tulkarem, Palestine

Wadi Al Tuffah Branch
Number of Employees: 15
Tel.: 02 2225353 Fax: 02 2225358
P.O. Box 655, Khaleel, Palestine

Subsidiary Companies

Al Watanieh for Financial Services Company
Awraq Investments
Number of Employees: 32
Tel.: 006 5503800 Fax: 06 5503802
P.O. Box 925102 Amman, 11110 Jordan

Al Watanieh Securities Company
Number of Employees: 16
Tel.: 009702 298 0420 Fax: 009702 298 7277
P.O. Box 1983, Ramallah, Palestine