Cairo Amman Bank
Consolidated statement of financial position
As at 31 December 2009
(In Jordanian Dinars)

	Notes	2009	2008
Assets			
Cash and balances with Central Banks	4	310,442,860	229,532,870
Balances at banks and financial institutions	5	150,778,430	171,735,707
Deposits at banks and financial institutions	6	80,524,650	-
Financial assets held for trading	7	261,243	69,637
Direct credit facilities	8	729,800,243	632,853,802
Financial assets available for sale	9	99,636,007	355,685,181
Financial assets held to maturity	10	305,491,103	-
Property and equipment	11	33,828,145	34,569,924
Intangible assets	12	4,227,295	3,627,508
Other assets	13	31,923,996	34,169,837
Total Assets		1,746,913,972	1,462,244,466
Liabilities And Equity			
Liabilities -			
Banks and financial institutions' deposits	14	167,056,953	44,448,203
Customers' deposits	15	1,259,919,440	1,125,347,862
Margin accounts	16	39,445,139	48,782,874
Loans and borrowings	17	38,185,568	23,790,129
Sundry provisions	18	9,809,509	8,572,960
Income tax liabilities	19	18,442,528	22,513,296
Deferred tax liabilities	19	7,877,838	9,249,139
Other liabilities	20	29,126,418	28,039,079
Total Liabilities		1,569,863,393	1,310,743,542
Equity			
Paid in capital	21	88,000,000	80,000,000
Statutory reserve	22	27,532,671	24,152,279
Voluntary reserve	22	1,321,613	1,321,613
General banking risk reserve	22	7,767,932	6,337,932
Cumulative changes in fair value	23	21,976,305	17,975,688
Retained earnings	24	30,452,058	21,713,412
Total Equity		177,050,579	151,500,924
Total Liabilities and Equity		1,746,913,972	1,462,244,466

The accompanying notes from 1 - 48 are an integral part of these financial statements

Cairo Amman Bank
Consolidated Income Statement
For the Year Ended 31 December 2009
(In Jordanian Dinars)

	Notes	2009	2008
Interest income	26	95,189,933	87,959,197
Interest expense	27	37,011,862	34,924,169
Net interest income		58,178,071	53,035,028
Net commission income	28	17,675,473	15,296,391
Net interest and commission income		75,853,544	68,331,419
Other income –			
Gain from foreign currencies	29	2,676,881	2,995,714
(Loss) from financial assets held for trading	30	(22,665)	(43,983)
Gain (loss) from financial assets available for sale	31	2,963,183	(2,927,869)
Other income	32	5,294,337	6,526,275
Gross profit		86,765,280	74,881,556
Employees' expenses	33	27,604,342	26,063,143
Depreciation and amortisation	11-12	6,274,301	4,758,381
Other expenses	34	15,422,747	16,057,996
Impairment loss on direct credit facilities	8	1,314,287	-
Sundry provisions	18	1,866,714	848,261
Total expenses		52,482,391	47,727,781
Profit before tax		34,282,889	27,153,775
Income tax expense	19	8,733,851	6,858,936
Profit for the year		25,549,038	20,294,839
Earnings per share for the year:		JD/Fils	JD/Fils
Basic and diluted earnings per share	35	0/290	0/231

The accompanying notes from 1 - 48 are an integral part of these financial statements

Cairo Amman Bank
Consolidated Statement Of Comprehensive Income
For the Year Ended 31 December 2009
(In Jordanian Dinars)

	2009	2008
Profit for the year	25,549,038	20,294,839
Other comprehensive income, net of tax:		
Net movement in cumulative changes in fair value	4,000,617	(6,337,587)
Total Comprehensive income for the year	29,549,655	13,957,252

The accompanying notes from 1 - 48 are an integral part of these financial statements

Cairo Amman Bank
Consolidated Statement Of Changes In Equity
For the Year Ended 31 December 2009
(In Jordanian Dinars)

	Paid in Capital	RESERVES			Cumulative changes in fair values	Retained earnings	Total Equity
		Statutory	Voluntary	General banking risk			
	JD	JD	JD	JD	JD	JD	JD
Balance at 1 January 2009	80,000,000	24,152,279	1,321,613	6,337,932	17,975,688	21,713,412	151,500,924
Profit for the year	-	-	-	-	-	25,549,038	25,549,038
Net movement in cumulative changes in fair value after tax	-	-	-	-	4,000,617	-	4,000,617
Total Comprehensive income for the year	-	-	-	-	4,000,617	25,549,038	29,549,655
Increase in capital	8,000,000	-	-	-	-	(8,000,000)	-
Transferred to reserves	-	3,380,392	-	1,430,000	-	(4,810,392)	-
Distributed profit	-	-	-	-	-	(4,000,000)	(4,000,000)
Balance at 31 December 2009	88,000,000	27,532,671	1,321,613	7,767,932	21,976,305	30,452,058	177,050,579
Balance at 1 January 2008	75,000,000	21,683,537	1,321,613	5,387,932	24,313,275	17,337,315	145,043,672
Profit for the year	-	-	-	-	-	20,294,839	20,294,839
Net movement in cumulative changes in fair value after tax	-	-	-	-	(6,337,587)	-	(6,337,587)
Total Comprehensive income for the year	-	-	-	-	(6,337,587)	20,294,839	13,957,252
Increase in capital	5,000,000	-	-	-	-	(5,000,000)	-
Transferred to reserves	-	2,468,742	-	950,000	-	(3,418,742)	-
Distributed profit	-	-	-	-	-	(7,500,000)	(7,500,000)
Balance at 31 December 2008	80,000,000	24,152,279	1,321,613	6,337,932	17,975,688	21,713,412	151,500,924

The accompanying notes from 1 - 48 are an integral part of these financial statements

Cairo Amman Bank
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2009
(In Jordanian Dinars)

	Notes	2009	2008
Operating Activities			
Profit before income tax		34,282,889	27,153,775
Adjustments for -			
Depreciation and amortisation		6,274,301	4,758,381
Impairment loss on direct credit facilities		1,314,287	-
Sundry provisions		1,866,714	848,261
Unrealized losses from financial assets held for trading		61,012	73,064
(Gain) from sale of financial assets available for sale		(805,219)	(190,942)
Impairment losses on available for sale investments		653,297	5,560,499
Gain from sale of property and equipment		(2,138)	(158,089)
Impairment of properties held for resale		53,284	135,541
Gain from sale of properties held for resale		(124,079)	(157,624)
Effect of exchange rate changes on cash and cash equivalents		(2,185,333)	(2,474,989)
Operating profit before changes in operating assets and liabilities		41,389,015	35,547,877
Changes in assets and liabilities -			
Decrease in balances with Central Banks maturing after more than three months		-	37,000,000
(Increase) decrease in deposits at banks and financial institutions maturing after more than three months		(80,524,650)	177,250
(Increase) decrease in financial assets held for trading		(252,618)	186,704
(Increase) in direct credit facilities		(98,260,728)	(93,464,129)
Decrease (increase) in other assets		2,316,636	(5,991,391)
Increase (decrease) in banks and financial institution deposits maturing after more than three months		12,459,000	(2,000,000)
Increase in customers' deposits		134,571,578	130,488,431
(Decrease) increase in margin accounts		(9,337,735)	11,811,874
Sundry provisions paid		(630,165)	(469,299)
Increase in other liabilities		1,087,339	3,184,406
Net cash from operating activities before income tax		2,817,672	116,471,723
Income tax paid		(12,804,619)	(5,376,609)
Net cash (used in) from operating activities		(9,986,947)	111,095,114
Investing Activities			
(Purchase) of financial assets available for sale		(203,633,523)	(222,818,312)
Proceeds from sale of financial assets available for sale		156,972,832	78,743,095
Proceeds from sale of property and equipment		61,429	273,344
(Purchase) of property and equipment		(4,317,873)	(7,843,443)
(Purchase) of intangible assets		(1,873,727)	(820,139)
Net cash used in investing activities		(52,790,862)	(152,465,455)
Financing Activities			
Dividends paid		(4,000,000)	(7,500,000)
Net proceeds from loans and borrowings		14,395,439	340,654
Net cash from (used in) financing activities		10,395,439	(7,159,346)
Effect of exchange rate changes on cash and cash equivalents		2,185,333	2,474,989
Net (decrease) in cash and cash equivalents		(50,197,037)	(46,054,698)
Cash and cash equivalents, beginning of the year	36	349,730,374	395,785,072
Cash and cash equivalents, end of the year	36	299,533,337	349,730,374

The accompanying notes from 1 - 48 are an integral part of these financial statements

Cairo Amman Bank
Notes to the Consolidated Financial Statements
31 December 2009
(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 at Amman; Jordan.
The Bank provides its banking services through its main branch located in Amman and through its 64 branches in Jordan, 18 branches in Palestine, and its subsidiaries.

The Bank is listed on the Amman Stock Exchange.

The financial statements were authorized for issue by the Bank's Board of Directors no 1/2010 on 31 January 2010. 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 available-for-sale, financial assets held for trading, derivative financial instruments and financial assets and financial liabilities held at fair value through profit or loss, that 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:

IAS 1 Revised Presentation of Financial Statements
The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Bank prepared two statements for the year ended 31 December 2009.

IFRS 8 Operating Segments
IFRS 8 replaced IAS 14 Segment Reporting (IAS 14). Operating segments per the new standard are same as were identified under IAS 14.

Summary of significant accounting policies:

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries and these entities under the control of the bank. Control is achieved where the bank has the power to control the operating and the financial decision of the subsidiaries to get benefit from their operations, inter - company balances and transaction 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 2009. The company's main operations are 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 2009. The company's main operations are investment brokerage.

- Cairo Company - Marshal Island (established 1999): Owned 100% by the Bank, with a paid-up capital of JD 5,000 as of 31 December 2009. The company's main operations are the investment in securities. The Bank is in the process of completing legal procedures to liquidate the Company.

- No consolidation has been made of the financial statements of Cairo Real Estate Company – Jordan, of which the Bank owns 100% of the paid-up capital of JD 50,000 as of 31 December 2009, 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 held for trading

Financial assets held for trading are those purchased with the intent to be resold in the near future to generate gains as a result of changes in market prices of such investments.

They are initially recognised at the fair value of consideration given (cost of transaction is recorded in the income statement) and subsequently remeasured at fair value. All realised and unrealised gains or losses are transferred to the income statement including any gains or losses resulting from the translation of such assets held in foreign currencies to the functional currency.

Interest earned and dividends received are recorded in the income statement.

Direct credit facilities

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.

Financial assets available for sale

Available-for-sale financial investments are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity or loans and advances.

Available-for-sale financial investments are measured at fair value in addition to the transaction cost and subsequently are measured at fair value. Unrealised gains and losses are recognised directly in equity as 'Cumulative change in fair value reserve'. When the security is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement.

Financial assets held to maturity

Held-to-maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the Bank has the positive intention and ability to hold to maturity.

Held to maturity investments are initially recognised at cost, being the fair value of consideration given including directly attributable transaction costs. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

The losses arising from impairment of such investments are recognised in the income statement and removed from the cumulative change in fair value reserve. Reversal of impairment on equity instruments is reflected in the cumulative change in fair value, while reversal of impairment on debt instruments is transferred to the income statement.

Gains or losses on debt instruments resulting from foreign exchange rate changes are transferred to the income statement. On equity instruments, such gains and losses are transferred to the cumulative change in fair value.

Interest earned on available-for-sale financial investments is reported as interest income using the effective interest method.

Financial assets available for sale which cannot be reliably measured at fair value are recorded at cost. Impairment on such assets is recognised in 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.

Where the fair value of an investment cannot be reliably measured, it is stated at cost less any impairment in the value.

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.
- For AFS financial assets carried at fair value, impairment is the difference between the book value and the fair value.
- For assets carried at cost, impairment is based on the difference between the book value and the present value of future cash flows discounted at the current market rate of return from a similar financial asset.

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. The amount of the reversal is recognised in the income statement except for equity instruments classified as available for sale investments for which the reversal is recognized in the statement of equity.

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:

	%
Buildings	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 are different from the previous ones, difference is recorded in the year after as a change in accounting estimates.

Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) 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 country 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, the management made a judgment that it is more appropriate not to record the deferred tax effect as an asset in the financial statements.

Allowances for impairment are recorded for capital guaranteed portfolios that are managed on behalf of clients.

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 balance sheet 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 which 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 possessed by the Bank against non- performing loans

Assets possessed 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 amortized 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 amortized evenly over their estimated useful economic life of 5 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 judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions. The management believes that their estimates are reasonable:

- Provision 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 life's of tangible and intangible assets in order to assess the amortization and depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the income statement.
- Management reviews periodically financial assets that are carried at cost to assess impairment, any recognized impairment is recorded in 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

	2009	2008
	JD	JD
Cash on hand	46,246,195	35,876,827
Balances at Central Banks-		
Current and demand deposits	37,791,383	13,517,672
Time deposits	150,350,483	45,794,425
Statutory cash reserve	76,054,799	88,944,363
Certificates of deposits	-	45,399,583
	310,442,860	229,532,870

In addition to the statutory cash reserve held at Central Banks, restricted balances amounted to JD 7,090,000 as of 31 December 2009 (2008: JD 7,090,000).

(5) Balances at Banks and Financial Institutions

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2009	2008	2009	2008	2009	2008
	JD	JD	JD	JD	JD	JD
Current and demand deposits	2,637,821	460,967	7,251,077	9,706,133	9,888,898	10,167,100
Deposits maturing within 3 months	47,971,000	50,563,308	92,918,532	111,005,299	140,889,532	161,568,607
	50,608,821	51,024,275	100,169,609	120,711,432	150,778,430	171,735,707

Non interest bearing balances at banks and financial institutions amounted to JD 6,546,304 as of 31 December 2009 (2008: JD 4,270,454).
There are no restricted balances as of 31 December 2009 and 2008.

(6) Deposits at Banks and Financial Institutions

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2009	2008	2009	2008	2009	2008
	JD	JD	JD	JD	JD	JD
Deposit maturing within						
More than 3 to 6 months	15,000,900	-	48,811,900	-	63,811,900	-
More than 6 to 9 months	9,800,000	-	-	-	9,800,000	-
More than 9 to 12 months	-	-	6,912,750	-	6,912,750	-
	24,800,000	-	55,724,650	-	80,524,650	-

There are no restricted balances as of 31 December 2009 and 2008.

(7) Financial Assets Held for Trading

	2009	2008
	JD	JD
Quoted equities	261,243	69,637

(8) Direct Credit Facilities

	2009	2008
	JD	JD
Consumer lending		
Overdrafts	6,959,998	12,329,469
Loans and bills *	326,002,200	272,119,444
Credit cards	9,649,670	7,664,162
Others	7,546,261	6,703,967
Residential mortgages	102,558,484	102,434,609
Corporate lending		
Overdrafts	53,826,847	37,703,714
Loans and bills *	143,208,196	99,599,868
Small and medium enterprises lending "SMEs"		
Overdrafts	16,139,074	14,070,514
Loans and bills *	24,801,708	23,783,761
Lending to governmental sectors	93,854,037	111,066,422
Total	784,546,475	687,475,930
Less: Suspended interest	(12,096,816)	(12,926,691)
Less: Allowance for impairment losses	(42,649,416)	(41,695,437)
Direct credit facilities, net	729,800,243	632,853,802

* Net of interest and commissions received in advance of JD 12,597,156 as of 31 December 2009 (2008: JD 12,591,767).

At 31 December 2009, non-performing credit facilities amounted to JD 45,819,714 (2008: JD 44,134,672), representing 5.84% (2008: 6.42%) of gross facilities granted.

At 31 December 2009, non-performing credit facilities, net of suspended interest, amounted to JD 35,088,663 (2008: JD 33,462,422), representing 4.53% (2008: 4.94%) of gross facilities granted after excluding the suspended interest.

At 31 December 2009, credit facilities granted to the Government of Jordan amounted to JD 34,150,366 (2008: JD 40,118,620), representing 4.35% (2008: 5.84%) of gross facilities granted.

At 31 December 2009, credit facilities granted to the public sector in Palestine amounted to JD 42,282,014 (2008: JD 42,641,737), representing 5.39% (2008: 6.20%) of gross facilities granted.

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

2009-	Consumer	Residential mortgages	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
At 1 January 2009	26,590,184	389,578	12,760,246	1,955,429	41,695,437
Charge (surplus) for the year	2,340,159	64,387	(1,017,932)	(72,327)	1,314,287
Amounts written off	(603,109)	-	-	(94,689)	(697,798)
Revaluation difference	337,490	-	-	-	337,490
At 31 December 2009	28,664,724	453,965	11,742,314	1,788,413	42,649,416
Specific impairment on					
Individual loans	17,341,670	449,133	11,630,233	1,759,306	31,180,342
Watch list	742,869	4,832	112,081	29,107	888,889
Collective impairment	10,580,185	-	-	-	10,580,185
At 31 December 2009	28,664,724	453,965	11,742,314	1,788,413	42,649,416
At 1 January 2008	25,634,642	316,949	13,976,283	2,501,471	42,429,345
Charge (surplus) for the year	1,498,455	72,629	(1,216,037)	(355,047)	-
Amounts written off	(542,913)	-	-	(190,995)	(733,908)
At 31 December 2008	26,590,184	389,578	12,760,246	1,955,429	41,695,437
Specific impairment on					
Individual loans	14,070,678	375,123	12,698,490	1,935,515	29,079,806
Watch list	2,554,865	14,455	61,756	19,914	2,650,990
Collective impairment	9,964,641	-	-	-	9,964,641
At 31 December 2008	26,590,184	389,578	12,760,246	1,955,429	41,695,437

Allowance for impairment related to non-performing credit facilities that were settled or collected amounted to JD 3,107,817 during 31 December 2009 (2008: JD 3,920,011).

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

2009-	Consumer	Residential mortgages	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
At 1 January 2009	5,742,510	49,735	5,994,758	1,139,688	12,926,691
Add: Suspended interest during the year	650,102	1,113	215,949	217,058	1,084,222
Less: Amount transferred to income on recovery	(681,785)	-	(568,031)	(124,353)	(1,374,169)
Less: Amounts written off	(373,737)	-	(100,620)	(65,571)	(539,928)
At 31 December 2009	5,337,090	50,848	5,542,056	1,166,822	12,096,816
2008-					
At 1 January 2008	5,538,885	44,560	6,757,475	1,051,052	13,391,972
Add: Suspended interest during the year	1,099,477	5,175	221,121	157,010	1,482,783
Less: Amount transferred to income on recovery	(674,501)	-	(484,777)	(66,938)	(1,226,216)
Less: Amounts written off	(221,351)	-	(499,061)	(1,436)	(721,848)
At 31 December 2008	5,742,510	49,735	5,994,758	1,139,688	12,926,691

(9) Financial Assets Available for Sale

	2009 JD	2008 JD
Quoted Investments		
Corporate debt securities	30,551,961	22,458,431
Other debt securities	2,718,731	4,618,639
Funds	1,915,449	1,742,726
Fixed rate fund	-	1,070,590
Equities	51,083,295	54,004,346
Total quoted investments	86,269,436	83,894,732
Unquoted Investments		
Treasury bills	-	239,800,024
Government debt securities	1,418,000	6,142,692
Corporate debt securities	10,481,500	24,250,800
Other debt securities	100,025	105,644
Equities	1,367,046	1,491,289
Total unquoted investments	13,366,571	271,790,449
Total financial assets available for sale	99,636,007	355,685,181
Analysis of debt instruments		
Fixed rate	17,598,284	268,207,610
Floating rate	27,671,933	30,239,210
Total	45,270,217	298,446,820

Included in equities are investments carried at cost with value of JD 1,367,046 as of 31 December 2009 (2008: JD 1,491,289). The investments were stated at cost since the fair value could not be measured reliably.

After the amendments on IAS 39 and IFRS 7 (reclassification of financial assets) issued by the IASB on 13 October 2008, the Bank reclassified some of its available for sale financial assets to held to maturity on 31 December 2009. The Bank identified the qualifying assets amounting to JD 305,491,103 where there was a clear change in the intention of the management to hold those financial assets in the foreseeable future or to maturity rather than trading in the short term. The reclassification was done in accordance with IAS 39 and its amendments and there was no effect on the consolidated income statement for 2009.

(10) Financial Assets Held To Maturity

	2009 JD	2008 JD
Unquoted Investments		
Treasury bills	233,031,419	-
Government debt securities	52,059,883	-
Corporate debt securities	20,399,801	-
	305,491,103	-
Analysis of debt instruments		
Fixed rate	305,491,103	-
Floating rate	-	-
Total	305,491,103	-

(11) Property and Equipment

	Land	Buildings	Furniture & Fixtures	Vehicles	Computers	Projects In Progress	Total
	JD	JD	JD	JD	JD	JD	JD
2009							
Cost:							
At 1 January 2009	1,274,880	13,349,796	27,067,430	1,147,801	17,273,977	1,507,286	61,621,170
Additions	-	-	2,470,081	15,960	837,997	993,836	4,317,874
Transferred	-	-	198,317	-	825,811	(1,024,128)	-
Disposals	-	-	(1,691,510)	(50,313)	(719,206)	-	(2,461,029)
At 31 December 2009	1,274,880	13,349,796	28,044,318	1,113,448	18,218,579	1,476,994	63,478,015
Accumulated depreciation							
At 1 January 2009	-	1,749,339	14,629,426	762,970	9,909,511	-	27,051,246
Depreciation charge during the year	-	266,997	2,458,039	91,305	2,184,020	-	5,000,361
Disposals	-	-	(1,636,966)	(48,146)	(716,625)	-	(2,401,737)
At 31 December 2009	-	2,016,336	15,450,499	806,129	11,376,906	-	29,649,870
Net book value At 31 December 2009	1,274,880	11,333,460	12,593,819	307,319	6,841,673	1,476,994	33,828,145
2008-							
Cost:							
At 1 January 2008	1,274,880	13,349,796	21,279,374	1,040,221	15,027,476	3,565,744	55,537,491
Additions	-	-	3,176,626	174,762	1,896,474	2,595,581	7,843,443
Transferred	-	-	2,923,413	-	1,730,626	(4,654,039)	-
Disposals	-	-	(311,983)	(67,182)	(1,380,599)	-	(1,759,764)
At 31 December 2008	1,274,880	13,349,796	27,067,430	1,147,801	17,273,977	1,507,286	61,621,170
Accumulated depreciation:							
At 1 January 2008	-	1,482,343	13,254,498	699,046	9,119,865	-	24,555,752
Depreciation charge during the year	-	266,996	1,638,269	101,966	2,132,772	-	4,140,003
Disposals	-	-	(263,341)	(38,042)	(1,343,126)	-	(1,644,509)
At 31 December 2008	-	1,749,339	14,629,426	762,970	9,909,511	-	27,051,246
Net book value At 31 December 2008	1,274,880	11,600,457	12,438,004	384,831	7,364,466	1,507,286	34,569,924

Fully depreciated property and equipment amounted to JD 16,643,556 as of 31 December 2009 (2008: JD 17,068,850).

The estimated cost to complete the purchase of assets and projects under construction amounts to JD 3,404,438 as of 31 December 2009 (2008: JD 612,052).

(12) Intangible Assets

	Computer software	
	2009	2008
	JD	JD
Cost:		
At 1 January	3,627,508	3,425,747
Additions	1,873,727	820,139
Amortisation during the year	(1,273,940)	(618,378)
	4,227,295	3,627,508

(13) Other Assets

	2009	2008
	JD	JD
Accrued interest and revenue	6,508,911	4,151,808
Prepaid expenses	4,784,618	4,829,512
Clearing checks	5,288,238	8,042,772
Refundable deposits	97,596	64,489
Deposit at Visa International	662,915	613,285
Assets obtained by the Bank by calling on collateral	12,721,857	12,710,293
Trading settlement account	25,000	1,078,546
Settlement guarantee fund	179,015	683,965
Accounts receivable - net	683,568	758,538
Temporary expenses	16,066	31,997
Lands and properties sold on installments	-	67,830
Others	956,212	1,136,802
	31,923,996	34,169,837

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

	2009	2008
	JD	JD
At 1 January	12,710,293	8,620,374
Additions	231,046	4,922,682
Retirements	(166,195)	(697,222)
Impairment loss	(53,287)	(135,541)
At 31 December	12,721,857	12,710,293

The banke possessed properties during 2009 by means of power of attorney amounting to JD 618,902.

(14) Banks and Financial Institutions Deposits

	2009			2008		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and demand deposits	1,550,014	16,736,803	18,286,817	1,177,172	13,888,941	15,066,113
Time deposits	52,365,840	96,404,296	148,770,136	14,866,983	14,515,107	29,382,090
At 31 December,	53,915,854	113,141,099	167,056,953	16,044,155	28,404,048	44,448,203

(15) Customers' Deposits

2009-	Consumer	Corporate	SMEs	Governmental sectors	Total
	JD	JD	JD	JD	JD
Current and demand deposits	260,774,517	58,603,773	31,383,170	41,277,271	392,038,731
Saving accounts	241,269,984	566,925	3,053,478	78	244,890,465
Time and notice deposits	229,018,442	212,038,833	20,450,031	161,482,938	622,990,244
Total	731,062,943	271,209,531	54,886,679	202,760,287	1,259,919,440
2008-					
Current and demand deposits	189,808,490	50,308,276	26,407,130	25,778,326	292,302,222
Saving accounts	208,711,598	574,190	2,816,647	57,217	212,159,652
Time and notice deposits	229,428,170	180,277,633	24,471,244	186,708,941	620,885,988
Total	627,948,258	231,160,099	53,695,021	212,544,484	1,125,347,862

- Governmental institutions' deposits amounted to JD 164,895,236 as of 31 December 2009 (2008: JD 171,875,460) representing 13.09% (2008: 15.27%) of total customers' deposits.

- Non-interest bearing deposits amounted to JD 399,974,150 as of 31 December 2009 (2008: JD 274,927,118) representing 31.75% (2008: 24.43%) of total deposits.

- Dormant accounts amounted to JD 24,546,678 as of 31 December 2009 (2008: JD 38,555,031).

(16) Margin Accounts

	2009	2008
	JD	JD
Margins on direct credit facilities	26,300,654	23,599,719
Margins on indirect credit facilities	10,225,182	21,446,323
Deposits against cash margin dealings' facilities	2,523,261	1,977,107
Others	396,042	1,759,725
	39,445,139	48,782,874

(17) Loans and Borrowings

	Amount	Total no. of payments	Outstanding payments	Payable Every	Collaterals	Interest rate
	JD				JD	%
31 December 2009						
Amounts borrowed from local institution*	23,000,000	3	3	At maturity	None	8.5 – 9.57 %
Amounts borrowed from international institution**	14,180,000	1	1	At maturity	None	4.845%
Amounts borrowed from foreign institution***	1,005,568			Monthly	None	5.5 %
Total	38,185,568					
31 December 2008						
Amounts borrowed from local institutions*	23,000,000	3	3	At maturity	None	8.5 – 9.57 %
Amounts borrowed from foreign institutions***	790,129			Monthly	None	5.5 %
Total	23,790,129					

* Represents fixed interest loans borrowed from Jordan Mortgage Refinancing Company and is due on the maturity date of each loan (2010-2012).

** Represents fixed interest loans borrowed from OPIC and is due on the maturity date 10 May 2034.

*** Represents amounts borrowed from Mortgage Refinancing Company – Palestine, bearing fixed interest of 5.5% and repayable in monthly installments.

(18) Sundry Provisions

	Balance at January 1	Provided during the period	Utilised during the year	Transferred to income	Balance at December 31
	JD	JD	JD	JD	JD
2009					
Provision for end of service indemnity	5,604,724	1,826,714	(515,160)	-	6,916,278
Provision for lawsuits against the bank	2,905,193	40,000	(115,005)	-	2,830,188
Other contingent liabilities	63,043	-	-	-	63,043
Total	8,572,960	1,866,714	(630,165)	-	9,809,509
2008					
Provision for end of service indemnity	5,196,743	848,261	(440,280)		5,604,724
Provision for lawsuits against the bank	2,934,212	-	(29,019)	-	2,905,193
Other contingent liabilities	63,043	-	-	-	63,043
Total	8,193,998	848,261	(469,299)	-	8,572,960

(19) Income Tax

Income Tax liabilities

The movements on the income tax liability were as follows:

	2009	2008
	JD	JD
At January 1	22,513,296	21,030,969
Income tax paid	(12,804,619)	(5,376,609)
Income tax charge for the year	8,733,851	6,858,936
At December 31	18,442,528	22,513,296

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

	2009	2008
	JD	JD
Provision for income tax for the year	8,733,851	6,858,936

The Bank reached a final settlement with the Income and sales Tax Department for the year ended 31 December 2008.

A final settlement has been reached for Palestine branches from the Income Tax Department up to the year 2007, while 2008 was not yet reviewed by the Income Tax Department.

Al-Watanieh Financial Services Company has reached a final settlement with the Income Tax Department for the years ended 31 December 2008 except for the year 1996 which is at court.

Al-Watanieh Securities Company – Palestine has reached a final settlement for the year 2008.

The Income Tax Department has not reviewed the accounts of Cairo Real Estate Investments Company for the years from 1997 to 2009.

No income tax was due on Cairo Amman Company – Marshall Islands as of 31 December 2009.

In the opinion of the Bank's management, income tax provisions as of 31 December 2009 are sufficient.

Deferred Tax liabilities

The movement on temporary differences giving use to deferred tax liabilities are:

	2009					2008
	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
Unrealized Gain – Available for Sale Investments	27,224,827	4,978,838	7,608,154	29,854,143	7,877,838	9,249,139
	27,224,827	4,978,838	7,608,154	29,854,143	7,877,838	9,249,139

Included in deferred tax liabilities an amount of JD 7,877,838 (2008: JD 9,249,139) resulting from gains from the revaluation of financial assets available for sale which are included in the cumulative change in fair value in equity.

The movement on deferred tax liabilities account is as follows:

	2009	2008
	JD	JD
At 1 January	9,249,139	12,373,360
Additions	807,942	734,537
Released	(2,179,243)	(3,858,758)
At 31 December	7,877,838	9,249,139

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

	2009	2008
	JD	JD
Accounting profit	34,282,889	27,153,775
Non-taxable profit	(12,215,891)	(11,341,062)
Non-deductible expenses	3,523,174	4,997,132
Taxable profit	25,590,172	20,809,845
Effective rate of income tax	25.48 %	25.26 %

The statutory tax rate on banks in Jordan is 35% and the statutory tax rates on foreign branches and subsidiaries range between 15% to 31%.

(20) Other Liabilities

	2009	2008
	JD	JD
Accrued interest expense	2,522,993	2,708,615
Interest and commissions received in advance	70,826	161,650
Accounts payable	5,175,205	4,103,216
Accrued expenses	4,165,501	4,125,046
Temporary deposits	7,063,970	8,219,040
Checks and withdrawals	3,917,727	3,540,062
Employees saving fund	4,177,192	3,561,148
Negative fair value of forward contract	287,337	195,006
Others	1,745,667	1,425,296
	29,126,418	28,039,079

(21) Paid In Capital

The authorized and paid in capital amounted to JD 88,000,000 divided into 88,000,000 shares at a par value of JD 1 per share (2008: JD 80,000,000).

(22) 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.

The use of the following reserves is restricted by law:

Description	Amount	Restriction Law
General banking risk reserve	7,767,932	Central Bank of Jordan regulations
Statutory reserve	27,532,671	Banks and companies Law

(23) Cumulative Change In Fair Value

	2009				2008			
	Financial assets available for sale				Financial assets available for sale			
	Stocks	Funds	Bonds	Total	Stocks	Funds	Bonds	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at 1 January	23,565,721	(4,431)	(5,585,602)	17,975,688	27,521,501	(4,431)	(3,203,795)	24,313,275
Net unrealised gains (losses)	(573,674)	172,723	3,182,189	2,781,238	1,157,565	(1,802,274)	(14,186,656)	(14,831,365)
Deferred tax liabilities	1,371,301	-	-	1,371,301	3,124,221	-	-	3,124,221
(Profit) loss transferred to income statement	(2,676,449)	4,431	1,866,799	(805,219)	(8,486,241)	-	8,295,299	(190,942)
Impairment loss transferred to income statement	229,613	-	423,684	653,297	248,675	1,802,274	3,509,550	5,560,499
Balance at 31 December	21,916,512	172,723	(112,930)	21,976,305	23,561,290	(4,431)	(5,585,602)	17,975,688

The cumulative change in fair value is presented net of deferred tax liabilities of JD 7,877,838 as of 31 December 2009 (2008: JD 9,249,139).

(24) Retained Earnings

	2009	2008
	JD	JD
Balance at 1 January	21,713,412	17,337,315
Profit for the year	25,549,038	20,294,839
Transferred to statutory reserve	(3,380,392)	(2,468,742)
Transferred to general banking risk reserve	(1,430,000)	(950,000)
Increase in capital	(8,000,000)	(5,000,000)
Cash dividends	(4,000,000)	(7,500,000)
	30,452,058	21,713,412

(25) Proposed Dividends

The Board of Directors will propose the distribution of dividends to its shareholders of JD 8,800,000 (2008: JD 4,000,000), equivalent to 10% (2008: 5%) of paid in capital.

The Board of Directors will propose the issue of bonus shares to the General Assembly in its meeting to be held during 2010 to increase the Bank's capital by JD 12,000,000 (2008: JD 8,000,000) which is equivalent to 13.64% (2008: 10%) of paid in capital.

(26) Interest Income

	2009	2008
	JD	JD
Consumer lending		
Overdrafts	638,231	729,611
Loans and bills	33,855,928	26,929,295
Credit cards	1,864,841	1,688,511
Others	461,306	555,992
Residential mortgages	8,087,855	7,938,295
Corporate lending		
Overdrafts	3,881,443	2,587,128
Loans and bills	7,633,243	5,450,373
Small and medium enterprises lending		
Overdrafts	1,187,283	1,301,005
Loans and bills	1,748,912	1,674,738
Public and governmental sectors	6,513,138	10,342,286
Balances at Central Banks	4,168,652	8,557,565
Balances at banks and financial institutions	6,866,240	5,710,202
Financial assets available for sale	18,282,861	14,494,196
Total	95,189,933	87,959,197

(27) Interest Expense

	2009	2008
	JD	JD
Banks and financial institution deposits	4,011,965	1,669,189
Customers' deposits -		
Current accounts and deposits	1,739,831	735,547
Saving accounts	2,018,523	2,221,748
Time and notice placements	24,411,419	25,800,882
Margin accounts	1,045,463	1,232,616
Loans and borrowings	2,443,947	2,204,665
Deposit guarantee fees	1,340,714	1,059,522
	37,011,862	34,924,169

(28) Net Commission

	2009	2008
	JD	JD
Commission income -		
Direct credit facilities	7,337,298	6,175,154
Indirect credit facilities	1,729,281	1,954,796
Other commission	8,632,054	7,190,446
Less: commission expense	(23,160)	(24,005)
	17,675,473	15,296,391

(29) Gain From Foreign Currencies

	2009	2008
	JD	JD
Resulting from -		
Trading in foreign currencies	491,548	520,725
Revaluation of foreign currencies	2,185,333	2,474,989
	2,676,881	2,995,714

(30) (Loss) From Financial Assets Held For Trading

	Realised gain (loss)	Unrealised gain (loss)	Cash dividends	Total
2009				
Equities	32,396	(61,012)	5,951	(22,665)
2008				
Equities	19,976	(73,064)	9,105	(43,983)

(31) Gain (Loss) From Financial Assets Available For Sale

	2009	2008
	JD	JD
Dividend income	2,811,261	2,441,688
Gain from sale of financial assets available for sale	805,219	190,942
Less: impairment losses on AFS investments	(653,297)	(5,560,499)
	2,963,183	(2,927,869)

(32) Other Income

	2009	2008
	JD	JD
Suspended interest transferred to revenue	1,374,169	1,226,216
Safety deposit box rental income	49,049	47,320
Revenues from selling check books	70,494	14,763
Collections of debts previously written off	459,481	460,095
Credit cards income	1,401,565	997,565
Gain from sale of property and equipment	2,138	158,089
Gain from sale of assets possessed by the Bank	124,079	157,624
Rent revenue	21,768	9,403
Brokerage commission	1,525,951	3,213,238
Commission on investment products	70,824	70,824
Others	194,819	171,138
	5,294,337	6,526,275

(33) Employees' Expenses

	2009	2008
	JD	JD
Salaries and benefits	22,815,293	21,803,494
Bank's contribution to social security	1,488,032	1,377,867
Bank's contribution to savings fund	230,650	227,712
End of service indemnity	277,247	171,752
Medical expenses	1,391,854	1,060,315
Training and research	267,087	266,319
Employee's clothes	163,246	208,357
Value – added tax	962,164	931,749
Others	8,769	15,578
	27,604,342	26,063,143

(34) Other Expenses

	2009	2008
	JD	JD
Rent	2,131,136	1,961,935
Cleaning and maintenance	883,630	851,045
Water, heat and electricity	955,258	982,287
License and governmental fees	697,647	750,151
Printings and stationery	396,740	623,322
Donations	356,621	339,513
Insurance fees and expenses	470,100	446,570
Subscriptions	446,052	533,217
Telephone and telex	663,100	629,942
Legal fees	190,552	168,227
Professional fees	845,122	782,434
Money transfer expenses	309,490	367,774
Advertising expenses	1,680,454	2,374,118
Credit cards expenses	265,226	131,367
Board of directors expenses	189,766	133,370
Information system expenses	2,897,183	2,979,582
Travel and transportation	642,536	697,917
Jordanian universities fees	274,644	144,998
Scientific research and vocational training fees	274,644	65,328
Technical and vocational, education and training support fund fee	186,902	111,564
Other expenses	665,944	983,335
	15,422,747	16,057,996

(35) Earnings Per Share

	2009	2008
	JD	JD
Profit for the year	25,549,038	20,294,839
Weighted average number of shares	88,000,000	88,000,000
Basic and diluted earnings per share (JD/Fils)	0,290	0,231

Diluted earnings per share equal basic earnings per share as the bank did not issue any potentially convertible instruments which would have an impact on earnings per share.

(36) Cash and Cash Equivalents

Cash and cash equivalents appearing in the statement of cash flows consist of the following balance sheet items:

	2009	2008
	JD	JD
Cash and balances with Central Banks	310,442,860	229,532,870
Add: Balances at banks and financial institutions maturing within 3 months	150,778,430	171,735,707
Less: Banks and financial institutions' deposits maturing within 3 months	154,597,953	44,448,203
Certificate of deposits maturing after 3 months		
Restricted cash balances	7,090,000	7,090,000
Cash and cash equivalents	299,533,337	349,730,374

(37) Derivative Financial Instruments

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

2009	Positive fair value	Negative fair value	Total notional amount	Par value maturity			
				Within 3 months	3 – 12 months	1 – 3 years	More than 3 years
	JD	JD	JD	JD	JD	JD	JD
Derivatives held as fair value hedges:							
- Interest rate swap	-	117,989	2,127,000	-	-	1,418,000	709,000
2008							
Derivatives held as fair value hedges:							
- Interest rate swap	-	152,105	1,418,000	-	-	-	1,418,000

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 derivations are used to hedge for the fluctuation of interest rates of some granted credit facilities with fixed interest rates.

(38) Related Party Transactions

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

Company name	Ownership	Paid in capital	
		2009	2008
		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
Cairo Amman Company - Marshall Islands	100 %	5,000	5,000

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:

	Associated company	Board of Directors	Total 2009	Total 2008
	JD	JD	JD	JD
Balance sheet items:				
Direct credit facilities	-	8,616,752	8,616,752	11,352,475
Deposits at the Bank	9,542,679	10,303,096	19,845,775	10,484,727
Margin accounts	-	1,761,079	1,761,079	2,905,928
Off balance items:				
Indirect credit facilities	28,000	2,124,333	2,152,333	5,644,644
Income statements items				
Interest and commission income*	1,015	562,809	563,824	402,717
Interest and commission expense	153,252	273,699	426,951	408,601
Commissions on portfolio management	552,226	-	552,226	382,228

Debit interest rates on credit facilities in Jordanian Dinar range between 4% - 11%
Debit interest rates on credit facilities in foreign currency range between 1.4% - 12%
Credit interest rates on deposits in Jordanian Dinar range between 0% - 6%
Credit interest rates on deposits in foreign currency range between 0% - 0.4%

Balances and transactions are eliminated on consolidations.

Compensation of the key management personnel is as follows:

	2009	2008
	JD	JD
Benefits (Salaries, wages, and bonuses) of senior management	2,162,235	2,021,827

(39) Fair Value of Financial Instruments

Financial instruments include cash balances, deposits at central banks and financial institutions, direct credit facilities, financial investments available for sale, financial assets held for trading, other financial assets, customers' deposits, banks' deposits and other financial liabilities.

As explained in note (9) to the financial statements, included in unquoted equities are investments carried at cost amounting to JD 1,367,046 as of 31 December 2009 (2008: JD 1,491,289) since the fair values could not be measured reliably.

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 31 2009 and 2008.

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	Second Level	Third Level	Total
	JD	JD	JD	JD
2009-				
Financial assets held for trading	261,243	-	-	261,243
Financial assets available for sale	72,037,815	14,231,621	-	86,269,436
2008-				
Financial assets held for trading	69,637	-	-	69,637
Financial assets available for sale	69,748,507	14,146,225	-	83,894,732

(40) Risk Management

The bank manages its risks through a comprehensive strategy for risk management by which the roles and responsibilities of all parties concerned is identified , namely, the Board of Directors and subcommittees such as the Risk Committee, the Investment Committee and Audit Committee, in addition to the executive management and its subcommittees, such as Assets and Liabilities Committee , Procedures Development Committee , Credit committees in addition to other specialized Departments such as The Risk Management Department and The Audit Department. Furthermore, all of the banks 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 to approve the policies developed by the executive management.
3 - The risk management department, which is independent of other bank's operations, reports to the Risk Committee on risk issues, for daily operations its 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.
4 - Internal Audit department provides independent confirmation of the commitment of the working units with the policies and procedures set to manage risks and their efficiency.
5 - 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 fulfill 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 to identify any increasing risk levels.
- The bank continuously monitors its performing portfolios to identify any need for additional provisions.

There are specialized 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:

	2009	2008
	JD	JD
Balance sheet items:		
Cash and balances at Central Banks	264,196,665	193,656,043
Balances at banks and financial institutions	150,778,430	171,735,707
Deposits at banks and financial institutions	80,524,650	-
Direct credit facilities		
Consumer lending	316,156,315	266,484,348
Residential mortgages	102,053,671	101,995,296
Corporate lending:		
Large corporations	179,750,673	118,548,578
Small and medium enterprises	37,985,547	34,759,158
Lending to governmental sectors	93,854,037	111,066,422
Bonds and treasury bills		
Within financial assets available for sale	45,270,217	298,446,820
Within financial assets held to maturity	305,491,103	-
Other assets	13,347,647	15,396,744
Total	1,589,408,955	1,312,089,116
Off balance sheet items		
Letters of guarantee	41,964,128	40,605,369
Letters of credit	54,769,758	54,356,998
Acceptances	624,912	1,463,351
Irrevocable commitments to extend credit	67,561,194	62,812,319
Total	164,919,992	159,238,037
	1,754,328,947	1,471,327,153

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 exposuress in accordance with their risk classification is as follows:

2009	Consumer	Residential mortgages	Corporate	SMEs	Governmental sectors	Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low risk	1,405,169	472,917	7,222,547	5,908,700	475,136,041	-	490,145,374
Acceptable risk	324,071,677	100,240,624	170,329,291	29,806,890	172,234,797	296,091,946	1,092,775,225
Maturing:							
Up to 30 days	392,798	162,117	740,321	269,559	-	-	1,564,795
From 31 to 60 days	59,453	49,122	51,086	9,622	-	-	169,283
Watch list	6,256,579	322,113	7,472,009	1,364,173	-	-	15,414,874
Non performing:							
Substandard	878,417	56,632	-	239,814	-	-	1,174,863
Doubtful	3,158,884	833,002	-	292,115	-	-	4,284,001
Loss	15,870,715	769,519	18,055,864	5,664,752	-	-	40,360,850
Total	351,641,441	102,694,807	203,079,711	43,276,444	647,370,838	296,091,946	1,644,155,187
Less: Suspended interest	5,337,090	50,848	5,542,056	1,166,822	-	-	12,096,816
Less: provision for impairment losses	28,664,724	453,965	11,742,314	1,788,413	-	-	42,649,416
Net	317,639,627	102,189,994	185,795,341	40,321,209	647,370,838	296,091,946	1,589,408,955
2008-							
Low risk	1,195,513	362,273	6,417,071	5,709,862	399,442,512	-	413,127,231
Acceptable risk	274,316,325	100,921,658	107,108,987	28,056,125	155,140,641	221,052,648	886,596,384
Maturing:							
Up to 30 days	897,566	141,200	-	421,107	-	-	1,459,873
From 31 to 60 days	426,824	82,260	224,888	54,995	-	-	788,967
Watch list	6,815,465	963,633	13,814,506	1,259,353	-	-	22,852,957
Non performing:							
Substandard	849,028	393,116	663	210,134	-	-	1,452,941
Doubtful	1,561,884	574,754	-	4,079	-	-	2,140,717
Loss	16,308,946	665,170	17,954,145	5,612,753	-	-	40,541,014
Total	301,047,161	103,880,604	145,295,372	40,852,306	554,583,153	221,052,648	1,366,711,244
Less: Suspended interest	5,742,510	49,735	5,994,758	1,139,688	-	-	12,926,691
Less: provision for impairment losses	26,590,184	389,578	12,760,246	1,955,429	-	-	41,695,437
Net	268,714,467	103,441,291	126,540,368	37,757,189	554,583,153	221,052,648	1,312,089,116

2) Distribution of collaterals measured at fair value over credit facilities

2009-	Consumer	Residential mortgages	Corporate	SMEs	Governmental sectors	Total
	JD	JD	JD	JD	JD	JD
Collaterals						
Low risk	1,405,169	472,917	7,222,547	5,908,700	6,026,500	21,035,833
Acceptable risk	14,722,497	100,104,301	36,085,478	24,911,050	-	175,823,326
Watch list	27,887	322,113	7,345,025	1,075,444	-	8,770,469
Non performing:						
Substandard	-	53,961	-	206,246	-	260,207
Doubtful	149,736	821,337	-	292,115	-	1,263,188
Loss	173,114	769,519	5,256,525	866,531	-	7,065,689
Total	16,478,403	102,544,148	55,909,575	33,260,086	6,026,500	214,218,712
Comprising of:						
Cash margin	1,433,056	472,917	8,408,790	6,346,210	6,026,500	22,687,473
Letters of guarantee	-	-	-	372,453	-	372,453
Real estate	10,197,321	102,071,231	41,142,709	24,906,833	-	178,318,094
Traded equities	496,374	-	3,870,376	1,510,409	-	5,877,159
Vehicles and machinery	4,351,652	-	2,487,700	124,181	-	6,963,533
Total	16,478,403	102,544,148	55,909,575	33,260,086	6,026,500	214,218,712
2008-						
Collaterals						
Low risk	1,160,107	362,273	6,417,071	5,689,736	5,813,800	19,442,987
Acceptable risk	15,528,497	93,600,678	39,058,476	22,697,905	-	170,885,556
Watch list	45,123	963,633	9,309,272	1,159,649	-	11,477,677
Non performing:						
Substandard	-	385,069	-	208,467	-	593,536
Doubtful	74,343	514,371	-	4,075	-	592,789
Loss	4,700,823	632,912	8,210,465	3,660,511	-	17,204,711
Total	21,508,893	96,458,936	62,995,284	33,420,343	5,813,800	220,197,256
Comprising of:						
Cash margin	2,717,281	362,273	6,417,071	5,689,736	5,813,800	21,000,161
Letters of guarantee	-	-	-	372,453	-	372,453
Real estate	13,639,934	96,096,663	48,497,006	24,789,305	-	183,022,908
Traded equities	395,552	-	5,751,251	1,208,089	-	7,354,892
Vehicles and machinery	4,756,126	-	2,329,956	1,360,760	-	8,446,842
Total	21,508,893	96,458,936	62,995,284	33,420,343	5,813,800	220,197,256

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 debt totalled JD 2,198,632 as of 31 December 2009, compared to JD 949,406 as of 31 December, 2008.

Restructured Debts:

Restructuring process refers to re-organizing the credit facilities' standing in respect to 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 868,022 as of 31 December, 2009, compared to JD 2,151,724 as of 31 December, 2008.

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 available for sale	Included in financial assets held to maturity
		JD	JD
AA	S&P	3,747,668	-
AA-	S&P	1,494,203	-
A+	S&P	12,707,092	-
A	S&P	4,073,895	-
A-	S&P	384,395	-
Baa2	Moody's	3,324,926	-
BBB-	S&P	2,197,900	-
BB	S&P	2,621,882	-
B+	S&P	2,718,731	-
Non-rated		10,581,525	20,399,801
Governmental		1,418,000	285,091,302
Total		45,270,217	305,491,103

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:

2009	Inside Jordan	Other Middle Eastern countries	Europe	Asia *	Americas	Other	Total
	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	146,055,186	118,141,479	-	-	-	-	264,196,665
Balances at banks and financial institutions	50,637,875	62,332,488	33,336,221	107,323	4,326,096	38,427	150,778,430
Direct credit facilities:	24,800,000	55,724,650	-	-	-	-	80,524,650
Consumer lending							
Residential mortgages	305,075,838	11,080,477	-	-	-	-	316,156,315
Corporate lending:	96,900,957	5,152,714	-	-	-	-	102,053,671
Large corporations	135,907,288	43,843,385	-	-	-	-	179,750,673
Small and medium enterprises	27,403,650	10,581,897	-	-	-	-	37,985,547
Lending to governmental sectors	51,572,023	42,282,014	-	-	-	-	93,854,037
Bonds and treasury bills within:							
Financial assets available for sale	11,899,500	18,893,877	11,854,958	-	2,621,882	-	45,270,217
Bonds and treasury bills within:							
Financial assets held to maturity	305,491,103		-	-	-	-	305,491,103
Other assets:	9,916,348	2,452,590	907,411	1,121	69,775	402	13,347,647
Total 2009	1,165,659,768	370,485,571	46,098,590	108,444	7,017,753	38,829	1,589,408,955
Total 2008	948,417,985	273,104,359	71,387,000	88,690	18,956,078	135,004	1,312,089,116

* Excluding Middle Eastern countries

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:

2009	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	-	-	-	-	-	-	-	264,196,665	264,196,665
Balances at banks and financial institutions	150,778,430	-	-	-	-	-	-	-	150,778,430
Deposits at banks and financial institutions	80,524,650	-	-	-	-	-	-	-	80,524,650
Direct credit facilities		18,540,991	164,921,130	133,408,925	2,918,845	6,614,066	309,542,249	93,854,037	729,800,243
Bonds and treasury bills within:									
Financial assets available for sale	42,199,795	1,268,027	384,395	-	-	-	-	1,418,000	45,270,217
Financial assets held to maturity	20,399,801	-	-	-	-	-	-	285,091,302	305,491,103
Other assets	2,189,270	514,804	6,213,104	136,323	-	22,555	1,460,757	2,810,834	13,347,647
Total 2009	296,091,946	20,323,822	171,518,629	133,545,248	2,918,845	6,636,621	311,003,006	647,370,838	589,408,955
Total 2008	221,512,067	22,449,530	114,045,516	123,172,419	2,901,125	2,638,194	270,787,113	554,583,152	1,312,089,116

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

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 specialized 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 stoploss 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.

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
2009-				
U.S.D	100	(305,985)	100	305,985
EURO	100	(40,588)	100	40,588
GBP	100	21,390	100	(21,390)
YEN	100	7,385	100	(7,385)
Other Currency	100	21,434	100	(21,434)
2008-				
U.S.D	100	(35,033)	100	35,033
EURO	100	93,661	100	(93,661)
GBP	100	3,992	100	(3,992)
YEN	100	16,022	100	(16,022)
Other Currency	100	528,415	100	(528,415)

Sensitivity of interest rates as of 31 December 2009:

	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12months	1 – 3 years	3 or more years	Non-interest bearing	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2009-								
Assets								
Cash and balances at Central Banks	135,350,483	15,000,000	-	-	-	-	160,092,377	310,442,860
Balances at banks and financial institutions	88,711,892	55,520,234	-	-	-	-	6,546,304	150,778,430
Deposits at banks and financial institutions	-	-	63,811,900	16,712,750	-	-	-	80,524,650
Financial assets held for trading	-	-	-	-	-	-	261,243	261,243
Direct credit facilities	513,073,024	35,339,763	67,805,464	19,609,450	46,175,267	47,797,275	-	729,800,243
Financial assets available for sale	8,012,849	21,574,533	3,412,991	-	8,559,028	5,626,265	52,450,341	99,636,007
Financial assets held to maturity	-	5,000,000	17,390,775	108,676,195	134,345,763	40,078,370	-	305,491,103
Property and equipment	-	-	-	-	-	-	33,828,145	33,828,145
Intangible assets	-	-	-	-	-	-	4,227,295	4,227,295
Other assets	-	-	-	-	-	-	31,923,996	31,923,996
Total Assets	745,148,248	132,434,530	152,421,130	144,998,395	189,080,058	93,501,910	289,329,701	1,746,913,972
Liabilities								
Banks and financial institution deposits	101,445,086	41,597,128	12,459,000	-	-	-	11,555,739	167,056,953
Customers' deposits	548,890,755	185,684,070	48,696,471	26,534,185	50,139,809	-	399,974,150	1,259,919,440
Margin accounts	2,116,841	2,823,222	10,376,238	6,969,939	4,019,151	1,579,610	11,560,138	39,445,139
Loans and borrowings	15,340	25,791	65,423	15,085,468	8,813,546	14,180,000	-	38,185,568
Sundry provisions	-	-	-	-	-	-	9,809,509	9,809,509
Income tax liabilities	-	-	-	-	-	-	18,442,528	18,442,528
Deferred tax	-	-	-	-	-	-	7,877,838	7,877,838
Other liabilities	-	-	-	-	-	-	29,126,418	29,126,418
Total Liabilities	652,468,022	230,130,211	71,597,132	48,589,592	62,972,506	15,759,610	488,346,320	1,569,863,393
Interest rate sensitivity gap	92,680,226	(97,695,681)	80,823,998	96,408,803	126,107,552	77,742,300	(199,016,619)	177,050,579
2008-								
Total Assets	758,437,795	142,380,164	53,641,814	60,238,927	151,341,616	23,919,567	272,284,583	1,462,244,466
Total Liabilities	551,786,767	140,904,013	62,307,315	71,783,619	109,845,143	10,032,821	364,083,864	1,310,743,542
Interest rate sensitivity gap	206,651,028	1,476,151	(8,665,501)	(11,544,692)	41,496,473	13,886,746	(91,799,281)	151,500,924

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 at 31 December 2009. 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	2009			2008		
	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+	1,060	-	+1	7,317	704
GBP	1+	39	-	+1	(1,031)	-
YEN	1+	(4)	-	+1	39,367	-
Other Currency	1+	899	-	+1	27,913	-

Concentration in currency risk:

2009	US Dollar	Euro	British Pound	Japanese Yen	Other	Total
Assets						
Cash and balances at Central Banks	51,033,413	60,155	77	2,123,576	39,548,514	92,765,735
Balances at banks and financial institutions	40,622,881	7,381,050	738,486	3,015,475	25,630,642	77,388,534
Deposits at banks and financial institutions	20,631,900	-	-	-	-	20,631,900
Direct credit facilities	83,201,015	-	2,124,454	2,874,268	53,327,691	141,527,428
Financial assets available for sale	35,483,887	-	-	5,093,633	100,026	40,677,546
Other assets	(2,780,803)	1,624,223	(1,410)	3,121,393	1,253,281	3,216,684
Total Assets	228,192,293	9,065,428	2,861,607	16,228,345	119,860,154	376,207,827
Liabilities						
Banks and financial institution deposits	62,939,975	1,575,933	-	2,038,594	7,736,681	74,291,183
Customers' deposits	193,579,084	5,415,473	577	16,083,207	108,390,467	323,468,808
Margin accounts	22,714,891	185,797	105,861	912,934	824,477	24,743,960
Loans and borrowings	15,185,568	-	-	-	-	15,185,568
Other liabilities	2,523,306	340,761	744	125,914	1,025,176	4,015,901
Total Liabilities	296,942,824	7,517,964	107,182	19,160,649	117,976,801	441,705,420
Net concentration in the balance sheet	(68,750,531)	1,547,464	2,754,425	(2,932,304)	1,883,353	(65,497,593)
Contingent liabilities	49,657,355	1,175,989	3,520,033	18,926,271	7,176,552	80,456,200
Total Assets	242,284,750	3,094,448	3,940,754	33,466,871	122,435,036	405,221,859
Total Liabilities	258,625,763	3,190,464	5,158	32,664,830	119,649,720	414,135,935
Net concentration in the balance sheet	(16,341,013)	(96,016)	3,935,596	802,041	2,785,316	(8,914,076)
Contingent liabilities	49,966,832	445,637	5,055,792	24,197,729	4,429,250	84,095,240

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 income statement and equity due to a reasonably possible change in prices, with all other variables held consant, is as follows:

Market Indices	2009			2008		
	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	5,199	925,893	+5	1,530	924,454
Palestine Securities Exchange	+ 5	-	933,353	+5	-	1,027,461
NewYork Stock Exchange	+ 5	-	16,522	+5	-	9,130
Others Markets	+ 5	7,866	-	+5	1,857	-

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 can 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 both depositors, borrowers, and shareholders.
The Liquidity Contingency Plan is regularly reviewed and updated by the ALCO.

- Analyzing and monitoring the maturities of assets and liabilities

The Bank studies the liquidity of its assets and liabilities 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 banks policies.

The Bank maintains statutory cash reserve with the Central Banks amounting to JD 76,054,799.

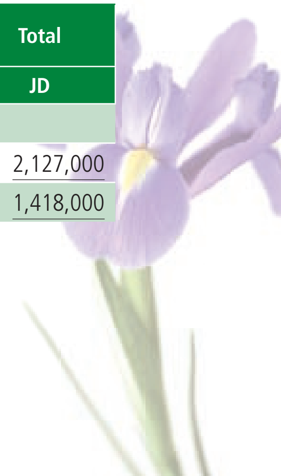
The table below summarises the maturity profile of the Bank's financial liabilities at 31 December based on contractual undiscounted repayment obligations:

2009	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 or more years	No Fixed maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities								
Banks and financial institution deposits	113,258,665	41,914,306	12,649,000	-	-	-	-	167,821,971
Customers' deposits	856,536,603	209,175,798	67,308,333	40,473,148	91,400,488	-	-	1,264,894,370
Margin accounts	5,198,940	5,338,971	12,144,240	7,857,238	6,965,248	2,544,820	-	40,049,457
Loans and borrowings	15,410	26,146	1,470,837	17,658,149	12,073,163	30,914,763	-	62,158,468
Sundry provisions	10,000	1,527,544	1,308,308	1,176,285	1,430,968	4,356,404	-	9,809,509
Income tax liabilities	5,095,126	2,000,000	-	4,110,012	7,237,390	-	-	18,442,528
Deferred tax	-	-	-	-	-	-	7,877,838	7,877,838
Other liabilities	14,943,883	4,126,632	2,870,057	2,042,505	1,409,390	3,718,904	-	29,111,371
Total Liabilities	995,058,627	264,109,397	97,750,775	73,317,337	120,516,647	41,534,891	7,877,838	1,600,165,512
Total Assets	412,341,140	105,884,112	160,720,523	207,077,871	379,342,507	383,336,295	98,211,524	1,746,913,972
2008								
Liabilities								
Banks and financial institution deposits	42,532,027	2,015,550	-	-	-	-	-	44,547,577
Customers' deposits	631,844,245	187,746,233	100,437,031	100,985,206	110,674,634	-	-	1,131,687,349
Margin accounts	22,634,679	4,982,749	4,946,119	4,918,743	10,054,774	2,257,244	-	49,794,308
Loans and borrowings	309,563	160,199	1,197,766	1,176,451	17,882,513	8,514,000	-	29,240,492
Sundry provisions	-	-	20,000	269,965	274,230	8,008,765	-	8,572,960
Income tax liabilities	6,953,914	-	-	7,532,260	8,027,122	-	-	22,513,296
Deferred tax	-	-	-	-	-	-	9,249,139	9,249,139
Other liabilities	12,278,542	2,445,661	1,686,076	3,592,050	1,468,017	6,568,733	-	28,039,079
Total Liabilities	716,552,970	197,350,392	108,286,992	118,474,675	148,381,290	25,348,742	9,249,139	1,323,644,200
Total Assets	481,951,265	100,112,433	66,491,911	101,815,900	335,597,361	282,512,892	93,762,704	1,462,244,466

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

- Financial assets/liabilities that are settled net:

2009	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
Derivatives held for hedging							
Interest rate swap	-	-	-	-	1,418,000	709,000	2,127,000
2008	-	-	-	-	-	1,418,000	1,418,000



Off balance sheet items

	Less than 1 year	1 – 5 years	5 years or more	Total
	JD	JD	JD	JD
2009				
Acceptances and letters of credit	55,394,670	-	-	55,394,670
Irrevocable commitments to extend credit	67,561,194	-	-	67,561,194
Letters of guarantee	40,081,042	1,883,086	-	41,964,128
Total	163,036,906	1,883,086	-	164,919,992
2008				
Acceptances and letters of credit	55,820,349	-	-	55,820,349
Irrevocable commitments to extend credit	62,812,319	-	-	62,812,319
Letters of guarantee	38,895,614	1,709,755	-	40,605,369
Total	157,528,282	1,709,755	-	159,238,037

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

Compliance risk is the risk of non-compliance with law, regulations and standards issued by domestic and international governing bodies.

In order to follow the international trends and Basel, the Bank has established a designated Compliance Department in 2005 that monitors issues related to this risk, Moreover, all policies are reviewed on a regular basis to ensure that it reflects any amendment to law or regulations. Goals of the departments are:

- Identify, evaluate and manage compliance risks.
- Advise management on compliance with laws and regulations.
- Monitor compliance risks through creating a data base that includes all laws and regulations that the Bank should comply with and report to the board audit and compliance committee.
- Review and evaluate all products policies, and internal procedures and its compliances with the laws and regulations.

During 2009 the Board of directors approved the compliance policy which reflects the Board view with regard to compliance and to prepare procedures and plans based on a risk based approach.

In the field of Anti- money laundering (AML), a sub department of the compliance department was established by the Board in accordance with the AML law # 46 for the year 2007 and best international practices to limit AML risks. .

The AML unit was supported by qualified staff and automated systems and is organized in four sub-units:

-KYC unit: Know your customer procedures during the service period.
-Monitoring and review unit: Review transactions by customers and non-customers.
-Investigation and information unit: receiving reports from departments and branches about customers and analyze for the purpose of taking actions.
- Western Union unit: monitoring financial transactions by customers of agents and the branches.

(41) Segment Information

Primary segment information

For management purposes the Bank is organised into three major business segments and 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,

Following is the Bank's segment information:

2009	Retail Banking	Corporate Banking	Treasury	Other	Total	
					2009	2008
	JD	JD	JD	JD	JD	JD
Total profits	61,084,010	25,957,113	34,830,292	1,905,727	123,777,142	109,829,730
Impairment loss on credit facilities	2,404,546	(1,090,259)	-	-	1,314,287	-
Segmental results	42,499,211	19,670,696	21,375,359	1,905,727	85,450,993	74,881,556
Unallocated expenses	-	-	-	-	51,168,104	47,727,781
Profit before tax	-	-	-	-	34,282,889	27,153,775
Income tax	-	-	-	-	8,733,851	6,858,936
Net profit	-	-	-	-	25,549,038	20,294,839
Other information						
Segmental assets	421,191,805	308,608,437	947,134,293	69,979,437	1,746,913,972	1,462,244,466
Segmental liabilities	479,944,233	316,554,778	714,980,358	58,384,024	1,569,863,393	1,310,743,542
Capital expenditure					6,191,601	8,663,582
Depreciation and amortisation					6,274,301	4,758,381

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	
	2009	2008	2009	2008	2009	2008
Total profits	101,727,862	89,625,592	22,049,280	20,204,138	123,777,142	109,829,730
Total assets	1,325,386,940	1,035,922,451	421,527,032	426,322,015	1,746,913,972	1,462,244,466
Capital expenditure	5,072,975	6,618,925	1,118,626	2,044,657	6,191,601	8,663,582

(42) 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, among 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 (17/2003), the minimum paid in capital of Jordanian banks should be JD 40 million before the end of 2008. 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:

	2009	2008
	JD	JD
Primary capital		
Paid in capital	88,000,000	80,000,000
Statutory reserve	27,532,671	24,152,279
Voluntary reserve	1,321,613	1,321,613
Retained earnings	21,652,058	17,713,412
Less:		
Investment in banks and financial companies	12,240	189,752
Intangible assets	4,227,295	3,627,508
Total Primary capital	134,266,807	119,370,044
Additional capital		
Cumulative changes in fair value	9,889,337	8,089,060
General banking risk reserve	7,767,932	6,337,932
Less:		
Investment in banks and financial companies	12,240	189,752
Total regulatory capital	151,911,836	133,607,284
Total risk weighted assets	1,052,022,513	858,617,887
Capital adequacy (regulatory capital) (%)	14.44	15.56
Capital adequacy (primary capital) (%)	12.76	13.90

In accordance with Basel II requirements 50% of the investment in Banks and financial companies should be deducted from primary capital and 50% from regulatory capital.

(43) 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:

	Within1 year	More than 1 year	Total
	JD	JD	JD
2009-			
Assets			
Cash and balances at Central Banks	310,442,860	-	310,442,860
Balances at banks and financial institutions	150,778,430	-	150,778,430
Deposits at banks and financial institutions	80,524,650	-	80,524,650
Financial assets held for trading	261,243	-	261,243
Direct credit facilities	193,129,707	536,670,536	729,800,243
Financial assets available for sale	62,884,659	36,751,348	99,636,007
Financial assets held to maturity	131,066,970	174,424,133	305,491,103
Property and equipment	5,061,437	28,766,708	33,828,145
Intangible assets	1,057,136	3,170,159	4,227,295
Other assets	17,091,211	14,832,785	31,923,996
Total Assets	952,298,303	794,615,669	1,746,913,972
Liabilities			
Banks and financial institution deposits	167,056,953	-	167,056,953
Customers' deposits	1,169,577,376	90,342,064	1,259,919,440
Margin accounts	30,375,823	9,069,316	39,445,139
Loans and borrowings	15,192,022	22,993,546	38,185,568
Sundry provisions	4,022,137	5,787,372	9,809,509
Income tax liabilities	11,205,138	7,237,390	18,442,528
Deferred tax liabilities	-	7,877,838	7,877,838
Other liabilities	24,205,012	4,921,406	29,126,418
Total Liabilities	1,421,634,461	148,228,932	1,569,863,393
Net Assets	(469,336,158)	646,386,737	177,050,579
2008-			
Assets			
Cash and balances at Central Banks	229,532,870	-	229,532,870
Balances at banks and financial institutions	171,735,707	-	171,735,707
Financial assets held for trading	69,637	-	69,637
Direct credit facilities	178,644,508	454,209,294	632,853,802
Financial assets available for sale	151,548,131	204,137,050	355,685,181
Property and equipment	4,756,129	29,813,795	34,569,924
Intangible assets	950,727	2,676,781	3,627,508
Other assets	18,910,293	15,259,544	34,169,837
Total Assets	756,148,002	706,096,464	1,462,244,466
Liabilities			
Banks and financial institution deposits	44,448,203	-	44,448,203
Customers' deposits	1,015,368,704	109,979,158	1,125,347,862
Margin accounts	36,221,268	12,561,606	48,782,874
Loans and borrowings	711,116	23,079,013	23,790,129
Sundry provisions	289,965	8,282,995	8,572,960
Income tax liabilities	14,486,174	8,027,122	22,513,296
Deferred tax liabilities	-	9,249,139	9,249,139
Other liabilities	20,002,329	8,036,750	28,039,079
Total Liabilities	1,131,527,759	179,215,783	1,310,743,542
Net Assets	(375,379,757)	526,880,681	151,500,924

(44) Fiduciary Accounts

Fiduciary accounts amounted to JD 5,116,158 as of 31 December 2009 (2008: JD 4,285,446). Such assets or liabilities are not included in the Bank's balance sheet.

(45) Contingent Liabilities and Commitments

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

	2009	2008
	JD	JD
Letters of credit:		
Issued	54,769,758	54,356,998
Received	39,701,467	35,357,899
Acceptances	624,912	1,463,351
Letters of guarantee:		
Payments	14,363,160	12,865,045
Performance	13,461,475	12,325,655
Other	14,139,493	15,414,669
Irrevocable commitments to extend credit	67,561,194	62,812,319
	204,621,459	194,595,936

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

	2009	2008
	JD	JD
Contracts to purchase property and equipment	3,404,438	612,052
	3,404,438	612,052

Annual rent of the Bank's main building and the branches amounted to JD 2,131,136 as of 31 December 2009 (2008: JD 1,961,935).

(46) Lawsuits

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to approximately JD 24,573,996 as of 31 December 2009 (2008: JD 27,532,408).

Provision for possible legal obligations amounted to JD 2,830,188 as of 31 December 2009 (2008: JD 2,905,193).

An amount of JD 18,002,930 out of the total lawsuits represents cases filed against the Bank by the customers of Wadi Al-Tuffah Branch.

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

(47) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below:

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

IFRS 3 (Revised), applicable for annual accounting periods beginning on or after 1 July 2009, introduces significant changes in the accounting for business combinations. Changes will affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

The change in accounting policy will be applied prospectively next year.

IFRS 9 Financial Instruments

Phase 1 of IFRS 9, the standard which will replace IAS 39 upon completion, was issued in November 2009. This phase includes guidance on classification and measurement of financial instruments, and is expected to result in [significant] changes in both classification and measurement of the Bank's financial instruments when adopted. The standard is mandatory for periods beginning on or after 1 January 2013 but early adoption is permissible. Management have not yet concluded on when the Company will adopt the standard.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

These amendments to IAS 39 were issued in August 2009 and become effective for financial years beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The Company has concluded that the amendment will have no impact on the financial position or performance of the Bank, as the Bank has not entered into any such hedges.

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 18 Transfer of Assets from customers

(48) Comparative Figures:

Some of 2008 balances were reclassified to correspond with those of 2009 presentation. The reclassification has no effect on the profit for the year and equity.