His Majesty King Abdullah The Second

His Royal Highness Hussein Abdullah, Crown Prince

بنك القاهرة عمّان
CairoAmmanBank

Together we grow

معاً ننمو

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CairoAmmanBank

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Board of Directors

Mr. Khaled Sabih Al-Masri	Chairman
Mr. Yazid Adnan Al-Mufti	Vice Chairman
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Mr. Ibrahim Hussien Abu Al-Ragheb	Representing Ishraq Investment Company
Mr. Yasin Khalil Talhouni	Representing Levant Investment Company
Dr. Farouq Ahmad Zuaiter	Representing Palestine Development & Investment Company (Padico)
Mr. Nashat Taher Al-Masri	Representing Palestine Development & Investment Company (Padico)
Mr. Ghassan Ibrahim Akeel	Representing Arab Supply and Trading Company
Dr. Bassam Ali Subaihi	Representing Social Security Corporation
Mrs. Suhair Sayed Ibrahim	Representing Misr Investment Company
Mr. Sharif Mahdi Al-Saifi	Representing Misr Investment Company
Mr. Arfan Khalil Ayass (from 3/11/2011)	Representing Al-Massira Investment Company
Dr. Abdul Malek Ahmad Jaber (until 3/11/2011)	Representing Al-Massira Investment Company

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Mr. Kamal Ghareeb Al-Bakri	General Manager
Ernst & Young (Member of Ernst & Young Global)	External Auditors

Dear Shareholders,

It is with great pride and pleasure that I present to you Cairo Amman Bank's annual report for the year 2011, an eventful and challenging year where the Arab world stepped into conceptual leaps in their visions and prospects. Arab Spring movements extended to most of the Middle East and North African countries, and political and security instability had a direct effect on the economic situation of the region, ranging from posting negative growth in the Arab Spring countries to achieve higher growth rates driven by the increase in oil prices in most of the GCC countries. In Jordan, the economy continued its slow growth and is expected to reach 2.6% for 2011, accompanied with volatility in the core economic sectors which some, such as the mining sector, posted exceptional growth rates, while adverse regional situations negatively affected other sectors such as tourism.

The slowdown in the gtlobal activity has created an uneven expansion in the international economies increasing the downside risks, which accompanied massive bouts of global financial market volatility. The European debt crisis remains the core shock of the hour; in its folds it carries the threat of becoming the recessionary tipping point for the global economy.

Despite all adversaries Cairo Amman Bank was able to surpass expectations in Jordan and Palestine attaining outstanding results and high growth levels in all operating areas. Net income posted a record of JD 36.6 million compared to JD 34.7 million in the previous year, achieving growth of 5.3%. By adding income from investments that were booked during the year directly into the retained earnings account as a result of applying IFRS (9), net income for the year becomes JD 39.1 million, 12.5% higher than last year. The growth in net income was accompanied with an increase in other operational indicators such as net interest and commission which grew by 5.6% to reach JD 100 million. Gross income amounted to JD 115.2 million achieving growth of 12.5% over last year. In addition, total assets grew by 5.3%, reaching JD 1940.4 million, while customers' deposits increased by 2.9%, reaching JD 1375.1 million. The Bank's credit facilities increased by 15.1%, reaching JD 947.6 million. This increase was accompanied by ongoing improvement in the quality of the credit portfolio, as the level of non-performing loans was 4.83% which is lower than the average level of the banking sector in Jordan. The Bank capital adequacy ratio reached 15% which is higher than the minimum required by the Central Bank of Jordan of 12% and minimum required by Basel committee of 8%. Behind all these exceptional results were the conservative and effective credit policies adopted by the Bank during the past years in addition to the extensive improvement in risk management practices. The Bank capitalizes on its strong financial position, sufficient liquidity levels, and high capital adequacy ratio.

In 2011, Cairo Amman Bank continued developing its operations, enhancing its competitive position and improving the level of services it provided to its customers, through increasing its branches, offices and ATMs to extend its geographical reach. In addition, it continued improving products offered to customers in the arenas of deposits, credit facilities and other banking services. The Bank also started implementing the Internal Capital Adequacy Assessment Process (ICAAP) framework as part of implementing the second pillar of Basel II requirements and to improve the quality of risk measurement within the Bank as well as complying with Central Bank of Jordan requirements.

Despite the negative outlook for 2012, which is characterized by continued political instability in the region and low growth rates in Jordan, the Bank will strive to implement its strategic policies and plans, to develop its operations, to improve its services, and to enhance its performance efficiency. We will extend our outreach through opening new branches throughout the country, expanding our ATM network and renovating the branches to be in line with Cairo Amman Bank's identity. The year 2012 will witness the comprehensive implementation of the new core banking system which will lead to the development of automated and operational systems. Consequently, revising work procedures will ensure simplicity and efficiency and will reinforce the expansion plans and facilitate the launching of products and services with the assurance of the best safety and security controls.

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

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

Khalid Sabih Al-Masri
Chairman of the Board

Board of Directors Report

Cairo Amman Bank Art Gallery

7x7 Art Exhibition - 7 paintings by 7 Jordanian Artists

Exhibition featuring the pioneer of Arab Sculpturing,
the late Mohammad Ghani Hikmat

Second Annual Children's Art Competition

Elia Kahvedjian Exhibition
'Palestine Remembers' - photos taken before Al-Nakba

World Economy

The year 2011 was a crucial year for the global economy where political uncertainty took precedence to economics, interest rates and earnings; a trend likely to prevail into 2012.

Global activity has slowed, and the expansion has become more uneven with increasing downside risks, accompanied by bouts of global financial market volatility. Although the transient factors that contributed to the slowdown in the first half of the year have partially dissipated, the loss of confidence associated with perceived policy paralysis in many advanced economies, along with deepening balance sheet fragilities, hindered growth in the second half of the year. These factors have already unnerved markets in recent weeks.

Growth in emerging economies has thus far been somewhat more resilient, though there are increasing signs of soft landing as global financial conditions have deteriorated. The European debt crisis remains the core shock of the hour, which carries the threat – although still not the likelihood – of becoming the recessionary tipping point for the global economy. The global economy seems capable of withstanding a mild euro area recession, yet a more severe and disorderly outcome in Europe could still overwhelm the rest of the world, and the risks to our global forecast are still to the downside.

The world's largest economy stalled in 2011, as the U.S. recovery lost its momentum, reflecting both temporary factors and weaker-than-anticipated private consumption resulting from persistent fragilities in household balance sheets and stubbornly high unemployment.

Political bickering between republicans and democrats over raising the US debt ceiling brought the U.S. to the brink of default in August. An eleventh hour deal that coalesced $2.8 trillion to the ceiling and left decisions regarding the size of spending cuts for a so-called "Super-committee" to decide on November, was viewed as inefficient, failing to put the economy on track of fiscal consolidation. In the end, Standard & Poor's stripped the country of its gold-platted AAA rating. The impasses are likely to continue into 2012, especially with the presidential election in November highlighting the divide. In this environment of political uncertainty and stalling recovery, the Federal Reserve was forced to announce that it will keep its close to zero benchmark rates on hold into 2013.

Nevertheless, growth seems to have picked up after the wobble of the summer when concerns about the debt ceiling and Europe were at their height. Data released in the last months of the year suggests improvement in the overall macroeconomic environment, or at least sentiment. Employers stepped up hiring in December, pushing the unemployment rate to its lowest level in nearly three years at 8.5%. Private sector activity as well as consumer sentiment continued to improve, but big challenges remain, and the economy remains vulnerable to setback from a deepening crisis in Europe or surging oil prices that would pinch consumers and companies.

There is even less clarity when it comes to Europe where multiple attempts failed to prevent a debt crisis from spreading. The eurozone crisis reached a critical stage when Italy joined the seven percent club; as borrowing costs hovered around the believed-to-be unsustainable 7% in the second half of the year. Policymakers' scramble, at summit after summit to get ahead of the crisis, sparked wild fluctuations in the market. Investor fears escalated as Greek default became more of a probability than possibility, and discussions regarding a euro break-up were no longer a taboo.

The government debt crunch continued to rattle Europe's financial system and weighed on the fragile global economy. Portugal became the third European country, after Greece and Ireland the year before, to require a €78 billion bailout as its borrowing costs soared and reached unsustainable levels. Later, investors grew worried as contagion spread to other debt-laden countries, such as Italy and Spain, the area's third and fourth largest economies.

The euro area sovereign debt crisis took another turn for the worse in the summer of 2011, when Greece returned to the fore and the possibility of disorderly default increased. Initially, it was the continued lack of cohesion among European policymakers, especially in the debate on private sector haircuts—which unnerved markets and triggered further volatility. Again, the ECB, and the EU tried to tailor further bailout, which was complicated by numerous legal hindrances and private sector haircut stalemate.

Negative sentiment was further exacerbated in the eurozone as growth outturns disappointed, and European economy defined a two-tiered growth, one in Germany, France and the northern league, which embodied fragile recovery. On the other side, the peripherals continued their stagnation and even contraction as Greece marked its fourth year of recession.

With growth momentum waning and financial tensions rising, policy adjustments are called for. Fiscal adjustment became a necessity to stem spiraling debt. As peripheral governments toughened their austerity packages and incorporated further reforms even toppled their governments, in Italy, Greece and Spain, growth remained subdued and deficit targets missed.

Contagion engulfed other exposed sovereign markets, which until then had been very liquid (such as Belgium, Italy, and Spain), also affecting stock valuations and interbank markets.

Markets remained tense and the credit freeze escalated by year-end, as investors became more reluctant to lend to European banks exposed to peripheral government debt. In an attempt to soothe market nerves and address the financial credit crisis, European leaders agreed to recapitalize European banks by attempting to inject an extra €200 billion in capital in order to create a satisfactory cash buffer to absorb losses from peripheral bonds. Credit agencies also tried to grasp the headline with a spiral of downgrades on euro area sovereign ratings. As the year drew to a close, Greece went to junk and the AAA status of France came under fire, jeopardizing Europe's bailout fund.

European leaders attempted to take important steps to strengthen their crisis management framework at their summits. In particular, to stem contagion, they agreed to make their bailout fund - the European Financial Stability Facility (EFSF) - more flexible and agreed to leverage its capital to €2 trillion. Nevertheless, policymakers have been unsuccessful, as of yet, when it comes to boosting the firepower of the fund or providing a firewall to the crisis ridden economies.

The heightened uncertainty led many to believe that the only institution capable of stemming the crisis and calming markets was the European Central Bank. This began the question of whether the ECB should take on the controversial role of lender of last resort. Jean Claude Trichet, the ECB president at the time, repeatedly stated that the ECB is the lender of last resort for banks not for governments. Mario Draghi, his Italian successor, later re-affirmed that neither the ECB's mandate nor the European treaties cater for such a massive action.

However, in view of deteriorating economic activity and increasing downside risks, the Central Bank reversed its rate hike cycle, starting in Draghi's debut policy meeting in November; the benchmark refinancing rate ended the year at the historical low 1.0%. The Central Bank also introduced additional unorthodox liquidity measures, including unprecedented low-interest loans to eurozone banks for a maturity of three years in order to ease the liquidity crunch. In its pre-Christmas offer the ECB extended an unmatched €489 billion to European banks. Moreover, the Central Bank continued with its Securities Market Purchases (SMP), buying Italian and Spanish government bonds to keep yields from rising too high.

Concomitantly, European Union leaders backed by the full power of Germany and France have endorsed a series of rules tightening budget surveillance and institutionalizing limits on public spending - the 'fiscal compact' that the European Central Bank (ECB) has demanded before it can more aggressively purchase Italian and Spanish debt.

In the last month of the year, European Union leaders settled on an inter-governmental agreement, outside the judicial and institutional framework of the EU. However, how effective the agreement is remains to be seen, considering the sole focus on austerity while neglecting boosting growth and competitiveness.

The past year unfolded with Japan's unprecedented triple disaster, the March 11 Great Tohoku earthquake and tsunami. Besides the tragic loss of life and property, the disaster disrupted global supply chains and plunged the Japanese economy into a recession. The nuclear meltdown in Fukushima also led many countries to question the future of nuclear energy—this will have long-lasting consequences for global energy markets and efforts to deal with climate change.

Later throughout the year, the highly indebted country introduced expansionary fiscal stimulus in order to boost the economy and increase reconstruction expenditures. The Japanese economy returned to healthy growth in the second part of the year despite its growing fiscal woes, and it is expected to lead the growth of the advanced economies in 2012.

China, one of the world's fastest-growing economies, added to the worries as investors fretted about the central government's ability to rein in inflation, in particular runaway property prices. The country's manufacturing engine also showed signs of soft landing, as the eurozone, China's biggest trading partner, appeared to be heading towards recession.

The Chinese officials used monetary policy tools and banking regulations to rein in inflation. They tightened banks reserves requirements, allowed a calculated revaluation of the Yuan and curbed mortgage lending. Towards the fourth quarter of the year, China reaped the benefits of these tightening policies as inflation witnessed a satisfactory drop allowing the People's Bank of China to reverse its monetary policy and cut benchmark rates in order to stimulate growth.

Nevertheless, as we head into 2012, worries of a growth slowdown dominate the scene, enforced by signs of deterioration in China's trade surplus with the rest of the world. This left room for the country's officials to return to easing monetary policy and focus back on expansion and growth as inflation is brought under control.

On the commodities front, prices of commodities trended upwards throughout 2011. Buoyed by the disruption of oil supplies following the revolution in Libya, oil prices skyrocketed in the first half of 2011. Saudi Arabia helped cool the prices as the Kingdom increased its oil supply to calm the markets and fill the shortage.

The first three quarters of the year definitely witnessed a gold boom, as gold reached new record highs surpassing $1900 per troy ounce. Gold benefited from its safe haven status amid the geopolitical turmoil in the Middle East and its ramifications on the international economy and the consequences of the spiraling debt crisis in Europe. However, as recovery signs started to show in the US and the war in Libya saw an end, gold receded partially paring its earlier gains.

Arab Economies

GDP in the MENA region continued to expand in 2011, notwithstanding the political upheaval. The recent geo-political developments have produced mixed effects in various countries of the region, with both Egypt and Libya witnessing contraction in GDP. Egypt's growth is projected to fall from 5.1% in 2010 to -1% in 2011. Political unrest in Libya has hampered oil production, resulting in unsatisfactory growth estimates. Nonetheless, the Syrian economy is expected to stall given the hit in the tourism sector in addition to the disruption of economic activities and global economic sanctions.

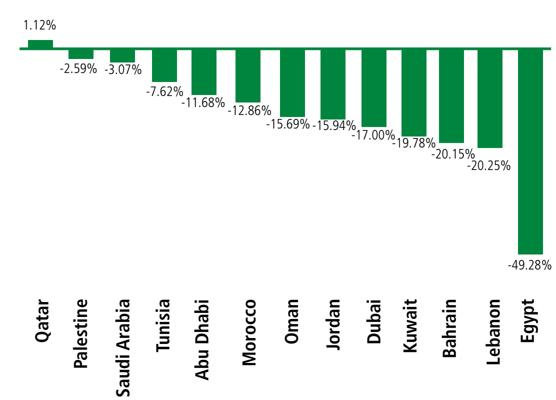
On the other hand, GCC benefited from high oil prices to boost their hydrocarbon dependent economic growth, and enjoyed an international safe haven status. Qatar continues to see impressive growth from 16.6% to 18.7% between 2010 and 2011. The economies of the United Arab Emirates and Saudi Arabia have expanded by 4%, while the Bahraini economy suffered from the aftermath of the political uprising.

Inflationary pressures remained under control throughout the region, with consumer prices in 2011 increased by 3% as MENA countries in the region opted to boost spending in areas including social security, food and fuel subsidies, higher wages for civil servants as well as improved pension packages and tax reductions. These measures served to widen the fiscal deficit from 2.1% of GDP in 2010 to 4.9% of GDP in 2011 for the region. The surplus on the current account is expected to expand significantly from 7.7% of GDP to 11.2% of GDP in 2011.

However, the outlook for this region remains highly dependent on how the political scene unfolds. If the geopolitical conditions stabilize, the MENA economies are expected to post better growth yet can be hampered by huge fiscal deficits and high financing needs.

The performance of Arab stock markets went in the red in 2011, as all of them, with the exception of Qatar, witnessed persistent losses amid liquidity shortages.

Yearly Percentage Change

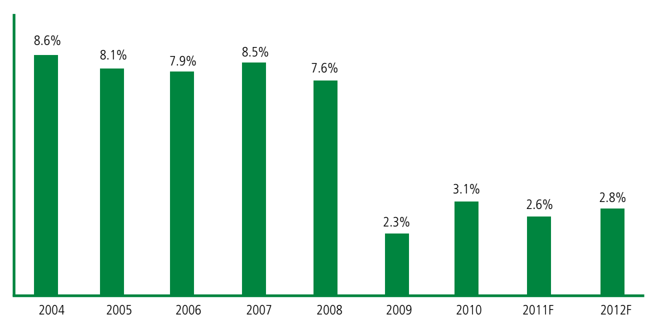


The Jordanian Economy

The Kingdom's economy continued its growth, albeit at a slow pace. Real gross domestic product (GDP) grew by an average of 2.4% in the first nine months of 2011 while it is expected to average around 2.6% throughout 2011. This growth was bolstered by strong activity in the mining, quarrying, finance, and real estate industries.

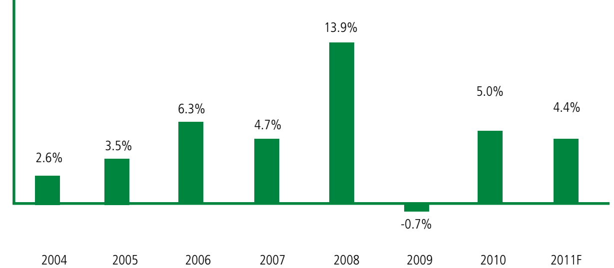
The main economic sectors posted positive performance in the third quarter of 2011. The quarrying sector has achieved the highest growth rate by 13.4% in the third quarter of 2011 compared with the same period of 2010 at market fixed prices, followed by the sector of agriculture, hunting and fishing by 5.4%. The manufacturing industries followed by 4.3%, then came the producers of government services sector by 3.7%, the transport, storage and communications sector by 3.4%, while the finance, insurance and business services sector, trade, restaurants & hotels sector grew by 2.7% for each of both sectors.

RGDP GDP (%)



Inflation stabilized in 2011. According to the Department of Statistics (DOS), it was reported that average change in consumer price index during 2011 increased to 4.4% compared with 5% in 2010. Earlier in 2011, the government introduced an economic relief package, subsidizing fuel prices and food prices. This program cost the government direct costs of JD 460 million, while the disruptions of gas supply from Egypt aggravated the situation further, causing the government to incur additional JD 1 billion as additional current expenses.

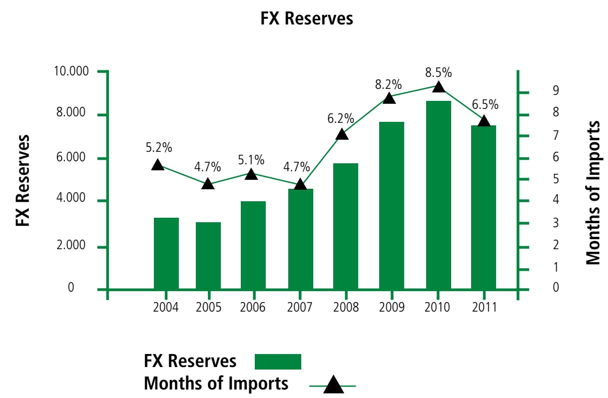
Inflation



The Monetary Sector

The Central Bank of Jordan (CBJ) maintained a neutral monetary policy throughout 2011, despite the increased pressure on the foreign reserves.
The Central Bank increased its overnight window rate by 0.25%, in the first half of 2010 to reach 2.25% in order to boost the attractiveness of the Jordanian Dinar and to counter inflationary pressures that might rise from disruptions in the supply chain. Moreover, the extension of private credit by the banking sector has improved throughout 2011 despite the fact that access to credit remained on the difficult side, such that credit growth increased by 7.9% in the first ten months of 2011.
In addition, CBJ's foreign currency reserves were under pressure throughout 2011, given the repercussions of the unstable geopolitical situation in the

Middle East that triggered lower tourism revenues and caused a serious drop in workers' remittances and foreign investments. Gross official reserves declined by JD 953 million, or 11%, at the end of November 2011 compared to their level at the end of 2010. This level of reserves is equivalent to cover around 6.5 months of the Kingdom's imports of goods and services.



External Sector

Jordan's total exports increased by 14.5% during the first 11 months of 2011, as they reached JD 5.14 billion. This increase came as a direct result of a 14.6% increase in national exports that reached JD 4341.5 million, coupled with a 14% increase in re-exports, resulting in JD 803 million in November 2011, compared to the same period of 2010.

Government Budget

The year 2011 was challenging in terms of containing the ballooning state budget deficit that was adversely affected by lower revenues and strikingly high social expenditures. Earlier in 2011, the government introduced its economic relief program, which fixed the rising prices of fuel and staples, increased public sectors' wages and partially subsidized ballooning electricity costs.

The year 2011 was also characterized by unprecedented levels of foreign grants which exceeded JD 1 billion. Saudi Arabia was the main donor for the Jordanian economy.

The government was successful in controlling and cutting the state budget deficit including grants during the first 11 months of the year. Such that the budget deficit after grants was around JD 738.9 million compared to JD 803 million during the same period in 2010. The decline in the budget deficit was mainly a result of the unprecedented rebound in external grants, which helped in reducing the effect of a tough economic year on the economy.

However, the budget deficit excluding grants ballooned this year, given the 19% increase in current expenditures. Thus, budget deficit excluding grants deteriorated to JD 1840.2 million compared to a deficit of JD 1090.4 million during the same period of 2010.

On a different note, the public debt continued its surge to unsustainable levels. Both domestic debt and foreign debt increased. In light of the above mentioned developments, net outstanding public debt (domestic and external) increased at the end of November 2011 compared to its level at the end of 2010 by JD 1603.9 million or 14% to reach JD 13066.7 million or 64% of projected GDP for 2011, compared to JD 11462.8 million or 61.1% of GDP for 2010, reflecting a rise by 2.9 percentage points.

Amman Stock Exchange

Amman Stock Exchange continued its fifth consecutive year in the red. Characterized with lack of investor's confidence and meager liquidity, the trading value reached JD 2.9 billion compared to JD 6.7 billion for 2010. The ASE price index weighted by free float shares closed at 1995 points, a decrease of 15.9% compared with the closing of 2010 which stood at 2,374 points.

The number of traded shares also witnessed a decrease during 2011 of 41.7% and reached 4.1 billion shares, traded through 1.3 million transactions, compared with 7 billion shares traded during 2010 through 1.9 million transactions. The share turnover ratio has decreased to reach 58.2% during 2011, compared with 102.2% during 2010.

The non-Jordanian ownership as a percentage of market capitalization has increased to 51.0% at the end of November 2011, compared with 49.6% at the end of the year 2010.

Two new companies have been listed at the ASE during 2011, bringing the number of listed companies to 247. In addition, the market capitalization of listed shares at the ASE has amounted to JD 19.3 billion, constituting 102.7% of the GDP.

Economic Outlook in 2012

The economic environment is expected to continue its moderate growth in 2012, buoyed by the unstable political scene in the Middle East. The economic activity in Jordan is likely to focus on the manufacturing and local services sectors, as the tourism sector is not expected to recover soon. Foreign direct investments are expected to be a major support for the economy in 2012 if the GCC starts to implement new development projects in Jordan as part of its newly launched development fund. Consequently, flat shaped growth is expected to rein in 2012, where the local economic output is forecasted to expand by 2.8%.

Export growth is expected to continue its rebound, where annual growth is forecasted to be 12%, but this will be offset by an increase in commodity imports, and raising the fuel import bill. Moreover, the external current account deficit is expected to widen to reach around 9% of GDP in 2012.

The 2012 fiscal policy will focus on maintaining economic stability and absorbing the effect of the geopolitical risks. The state budget for 2012 revealed that fiscal deficit including grants was estimated to trim to at JD 1.027 billion, 4.6% of GDP, compared to a 5.6% level in 2011.

Fiscal consolidation in the medium term is becoming a high necessity in order to bring fiscal and external balances back on track and reduce unsustainable imbalances. This includes putting forward a plan to reduce the budget deficit gradually to reach the international standard of 3% of GDP.

As for the monetary policy, the Central Bank of Jordan is expected to continue on its neutral policy stance. Nonetheless, authorities should also be prepared to take action to boost foreign reserves in case the current decline persists to dangerous levels.

Results of Operations

(Amounts in thousands of JDs)

Results at Year-end	2011	2010	Variance
Net interest & commission income	100,053	94,751	5.60%
Gross income	115,217	103,793	11.01%
Net income before income tax	50,925	47,121	8.07%
Net income after income tax	36,596	34,749	5.32%
Earnings per share (JD)	0/366	0/347	5.32%

(Amounts in thousands of JDs)

Major Balance Sheet Items	2011	2010	Variance
Total assets	1,940,363	1,843,445	5.26%
Credit facilities (net)	947,590	823,105	15.12%
Customers' deposits	1,375,134	1,335,849	2.94%
Total equity	223,570	205,926	8.57%

(Amounts in thousands of JDs)

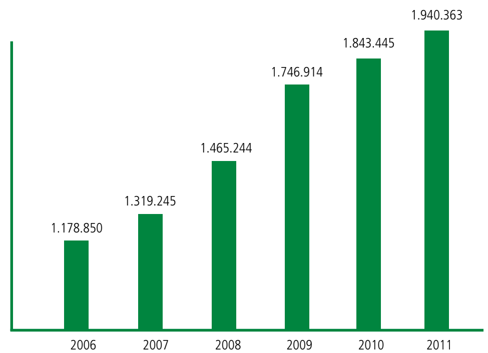
Financial Ratios	2011	2010
Return of average assets	1.93%	1.94%
Return of average equity	17.04%	18.15%
Capital adequacy ratio	15.00%	14.93%
Credit facilities to customers' deposit ratio	68.91%	61.62%
Non-performing loans ratio	4.83%	4.10%
Non-performing loans coverage ratio	93.61%	122.77%

Financial Indicators for the Year	2006	2007	2008	2009	2010	2011
Net income before tax	19,249	20,910	20,295	25,549	34,749	36,596
Dividends paid	6,750	7,500	4,000	8,800	15,000	17,000*
Bonus shares distributed	7,500	5,000	8,000	12,000	-	-
Total equity	138,236	145,044	151,501	177,051	205,926	223,570
Outstanding shares	67,500	75,000	80,000	88,000	100,000	100,000
Market price per share	3.37	3.20	2.52	2.47	3.18	2.77

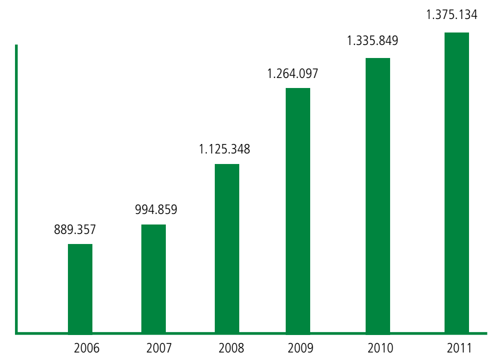
* Amounts represent the Board's recommendation to the General Assembly for 2011

Results of Operations

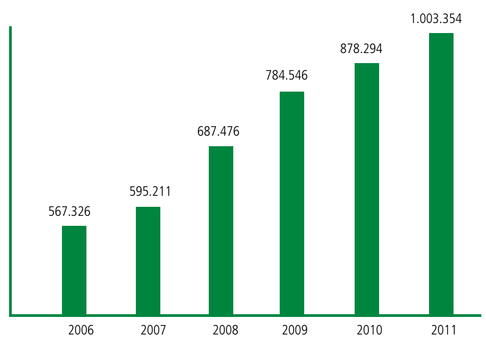
Total Assets



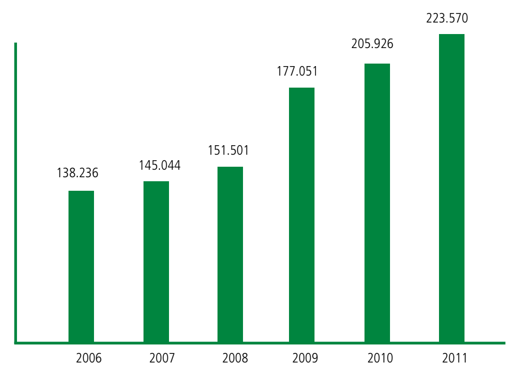
Customers' Deposits



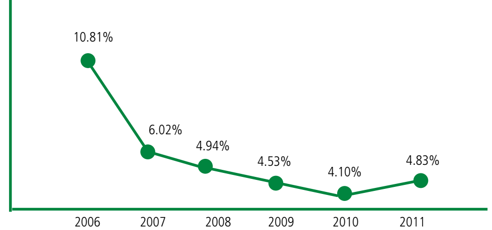
Gross Credit Facilities



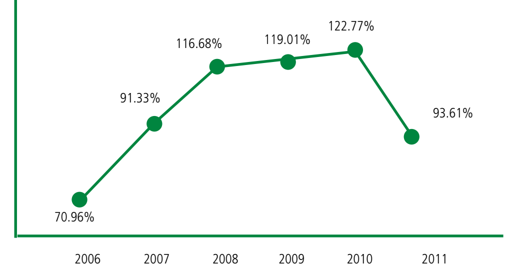
Shareholders' Equity



Non-Performing Loans Ratio



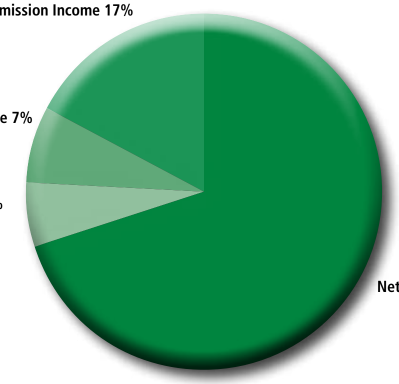
Provision Coverage



Analysis of Results of Operations

Despite the decline in the growth rate of the economy and its effect on the growth on various economic sectors, the Bank managed to achieve record results surpassing the amount budgeted for the year. Net income before taxes amounted to JD 50.9 million compared to JD 47.1 million in 2010, attaining a growth of 8.1%; while net income after tax amounted to JD 36.6 million compared to JD 34.7 million in the previous year, an increase of 5.3%, bringing the earnings per share to JD 0.366 compared to JD 0.347 in the previous year. It is worth mentioning that as a result of the early adoption of IFRS (9), income of JD 2.5 million that resulted from selling financial assets were reflected directly in the shareholders equity without passing by the Profit & Loss accounts, as a result, compared to the previous year results, net income was JD 39.1 million, 12.5% higher than the previous year.

These results were driven by robust growth in all operational indicators. The net interest income increased by 7.3%, reaching JD 80.8 million compared to JD 75.3 million in 2010. Net commission income continued to post strong results at JD 19.3 million, while the Bank's investment portfolio posted a profit of JD 8.3 million compared to JD 1.3 million in the previous year. As a result, gross income amounted to JD 115.2 million, compared with JD 103.8 million by year end 2010, thereby increasing by 11%. Moreover, the Bank reinforced its operational capability, as its earnings from interest and commission comprised 86.8% of the gross income.



Gross Income

Conversely, gross expenditure, including provisions against decline in credit facilities, rose by 13.4% or JD 7.6 million to reach JD 64.3 million. This also includes a 12% increase in employees expenses resulting from the implementation of the new salary scheme in Jordan and thus granting employees annual increases of a minimum of 7% in addition to the increase in the number of employees to accommodate new branches and expansion of the Bank's activities. Furthermore, other operating expenses increased by JD 1.1 million, or 6.4%, as a result of new branches which contributed to increasing rent expense as well as other related expenses. Rent expenses also increased as a result of renewing some of the existing lease agreements at higher costs.

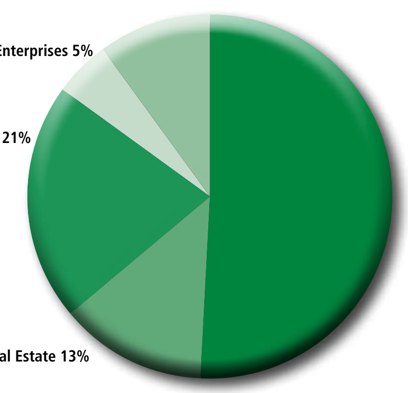
The operating expenses include JD 1.7 million as additional provisioning against non-performing loans, compared to JD 2.2 million for the previous year. The Bank also increased the provision against law suits by JD 4.4 million, JD 2.9 million higher than the previous year.

These results were accompanied by a notable improvement in the Bank's performance indicators and profitability. Gross expenditure to gross income decreased to 50.4% compared to 51% in 2010. The return on the average assets amounted to 1.93%, and the return on equity reached 17.04%.

Analysis of the Bank's Financial Position

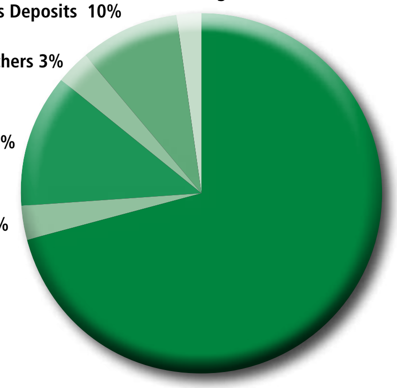
During the year, the Bank achieved high growth rates in most of its operating indicators. Total assets grew by 5.3% to reach JD 1940.4 million, an increase of JD 96.9 million over the end of the previous year. Gross credit facilities increased to JD 1003.4 million compared to JD 878.3 million in 2010, a growth of 14.2%, which was achieved through the Bank's policy of diversifying its customer base and focusing on retail loan targeting reputable companies. This policy has contributed largely to improving the quality of the credit facilities portfolio, as net non-performing loans ratio slightly increased to reach 4.83% of the gross loans versus 4.1% for 2010. As a result, the net credit facilities portfolio amounted to JD 947.6 million compared to JD 823.1 million for the previous year, witnessing an increase of JD 124.5 million; a growth rate of 15.1%. The Bank also improved its level of provisions for loan loss to JD 45.2 million, where coverage ratio now stands at 93.6%.

The Bank and its subsidiaries adopted the early implementation of IFRS (9) starting from January 1st of 2011, and resulted in reclassifying its investments in stocks and bonds as explained in disclosure (54) to the financial statements. The investment portfolio amounted to JD 490.9 million compared to JD 420.6 million in the previous year. This increase emanated from additional investments in bonds, mainly government bonds, and other financial instruments held to maturity as their balance rose by JD 63.8 million to reach JD 375 million at year-end. This all conforms to the Bank's plan of preserving its liquidity by ensuring an acceptable tradeoff between low-risk instruments and higher return. However, investments in shares declined due to the decline of market value of some local stocks in addition to selling some of those investments.



Credit Facility Portfolio

Despite the competition amongst banks to attract deposits, the Bank was able to widen its customer base, as customers' deposits increased to JD 1375.1 million compared to JD 1335.8 million for 2010, achieving a growth of 2.94%. The Bank maintains a high liquidity level that conforms to international standards and regulatory authorities, which provides a source of reassurance to all parties dealing with the Bank. Credit facilities constitute 68.9% of the customers' deposits which in turn constitute 71% of the overall sources of funds.



Shareholders' equity amounted to JD 223.6 million at the end of 2011 compared to JD 205.9 million at the end of 2010, an increase of 8.6%. The Bank's dividends policy solidified the capital adequacy ratio (CAR) which reached 15% compared to 14.93% as of the end of the previous year. The Bank's CAR is above the minimum level set by the Central Bank of Jordan of 12%. The ratio of the core capital reached 14.04%, and the leverage ratio of weighted shareholders' equity to gross assets reached 9.55% which places the Bank in the first "well-capitalized" category under the solvency scale.

Proposed Dividends

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

Retail Banking

Cairo Amman Bank maintained its leading role in providing banking services to individuals while holding a sizeable share of the market, which is considered the main pillar of the Bank's strategy. The Bank focused on providing direct sales and presenting special offers to target segments, and continued developing such offers to cater for its customers' needs. The Bank also continued offering ATM loans and increasing the number of customers eligible for this program, as well as expanding some of its competitive products such as consumer lending including increasing the number of companies approved under this program. In addition, the Bank launched its Platinum credit card accompanied with a loyalty program with "e-points" to encourage the holders of Platinum and Golden credit cards to use them. Moreover, the Bank's marketing and promotional campaigns supported its activities in this field. This includes several incentive campaigns directed at customers such as the Savings Accounts campaign, and the Quarter Million Room campaign. Other incentive campaigns included the Salary Transfer campaign, the Mother's Day campaign, and Eid related campaigns providing customers with the opportunity to defer payment of loan installments.

The Bank continued expanding its micro financing project, which provides loans to small craftsmen and professionals; through capitalizing on the Bank's wide spread presence in the Jordan Post Company offices.

Furthermore, the Bank continues to finance beneficiaries of the Royal Initiative "Decent Housing for Decent Living" through granting fixed-interest loans with a repayment period of 30 years.

The Bank's policies and programs during the year increased retail loans and housing loans by 17.2% and 9.4% respectively, bringing the balances thereof to JD 512.4 million and JD 124 million respectively.

Small and Medium Enterprise (SME) Credit

Cairo Amman Bank continued to reinforce its leading role in SME lending despite the challenging economic conditions through understanding its clients' business process and needs and accordingly tailor comprehensive solutions and products.

The Bank was able to surpass the year's target in terms of a number of customers as well as balances of direct and indirect facilities. The outstanding portfolio of SME loans grew by 8.4%, reaching JD 50.5 million. The quality of the portfolio was maintained through reducing over-due payments, default risk, and conforming to the Central Bank of Jordan's instructions.

Corporate Credit

Despite the challenges that deterred the performance of core economic sectors this year, the Bank continued to cater for their corporate customers' financial needs in accordance to the directions set by the Board, aiming at achieving satisfactory returns while maintaining a moderate level of credit risk. These guidelines translated into attracting credit worthy customers, as well as increasing the ceiling of facilities for existing customers with high solvency and excellent records, all the while encouraging them to make optimal use of the new ceilings and focusing on indirect facilities and trade finance. The year witnessed a growth in corporate credits by 12.6% to reach JD 316.5 million accompanied by a notable growth in indirect facilities.

Treasury and Developing Sources of Funds

The aftermath of the global economic crisis characterized by lower local and international interest rates in addition to higher market volatility, steered the Bank to adopt unorthodox measures to manage money and FX markets' risks. These measures did not curtail the Bank's ability to sustain its profitability and customers' deposits. In addition the Bank continued to efficiently manage its assets and liabilities to maintain adequate liquidity levels consistent with its policy as well as those of regulatory authorities.

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

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

Investment Services

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

Branch Network

In order to achieve the largest geographical spread and spacious outlets that offer the best banking service to customers, and complies with the Bank's corporate identity, Cairo Amman Bank opened nine new branches and offices during 2011, bringing the number of the Bank's operating branches and offices to 94 branches, out of which 21 branches in Palestine. The Bank also renovated five branches in accordance to the Bank's corporate identity.

In addition, the Bank increased its ATM network, adding seven ATMs in Jordan and five in Palestine bringing the total number of ATMs to 224. Furthermore, the Bank provides its services through 96 of the Jordan Post Company's offices dispersed throughout the Kingdom, in order to provide banking services to customers in municipalities and remote areas that lack such financial services.

The Bank added a digital dimension to its services to save time and effort of the customers by developing its own smartphone application. This application includes the locations and detailed information about the branches, enables customers to locate the nearest branch, as well as the location of Jordan Post Company offices and the companies approved by the Bank for the easy installment program.

The outlets providing Western Union services including the Bank's branches and other sub-agents achieved during the year increase in the transfers by 6% compared to the previous year. Annual transfers amounted to more than JD 210 million divided between inbound and outbound transfers done through 185 outlets. In addition, the Bank completed its plans to develop the money transfers services through Western Union, thus increasing the number of outlets and implementing unified quality standards for providing the service to customers. In collaboration with Western Union Company, the Bank organized several activities targeted to the foreign communities in Jordan.


Al-Karak Branch - Althaniah


Jabal Amman Branch - Islamic Scientific College st.


Jordan University Hospital Branch


Salt Branch - King Abdullah II st.


Jabal Al-Hussein Branch - Beer Al-sabe'a

Information Technology

Following through with the improvements introduced in the past years, the Bank focused its efforts during the year in upgrading the infrastructure as well as improving the business continuity and security systems.

The Bank worked on laying the foundation for implementing the new core banking system, expected to be fully implemented in 2012. Furthermore, several enhancements were made to the electronic system that provides customers with a variety of new services and products. The communication network was upgraded to become a Wide Area Network to cover all of the Bank's branches and ATM networks, the head office and regional office in Palestine, as well as the data recovery center using Multiprotocol Label Switching (MPLS).

Human Resources

During 2011, Cairo Amman Bank continued implementing its Human Resources strategy of employing qualified staff with proper education, experience, and skills, aiming at placing the right person into the right position and giving the priority to existing employees to fill vacancies ahead of outside recruitment.

In addition, the Bank implemented the new employment structure including a new salary scheme that was developed in coordination with Hay Group. Implementing the new structure was accompanied with developing a career path for most of the positions, which included the required education, experience, and skills of the position and allowing employees to acquire necessary training to be able to fulfill those requirements.

The total number of the employees of the Bank and its subsidiaries is 2088 employees with academic qualifications as shown below:

	The Bank	Awraq Investments	Al-Wataniyah Securities	Total
Masters	76	3	3	82
Higher Diploma	8	-	-	8
Bachelor	1255	23	9	1287
Diploma	344	2	2	348
High School	219	-	4	223
Lower than High School	137	3	-	140
Total	2039	31	18	2088

The Bank's employee training, development and re-qualifying policy aims at improving employees' knowledge, skills, and capabilities. This is essential to develop their competencies and capabilities so that they may best perform their duties and consequently raise their efficiency and productivity, providing the best banking services to the customers. Employees are qualified to hold supervisory and managerial responsibilities through specialized training courses.

The Human Resources Division identifies the employees' training needs based on the following:

- Present and future strategic plans and directions
- New procedures and instructions
- Employee performance appraisal
- New business systems and technology
- Succession and career development plans

An annual training program is prepared consisting of a variety of courses in various fields to meet training needs and enhance employee efficiency. The Bank's training and development plans cover all banking and non-banking aspects and are designed to fulfill the technical, managerial, and behavioral needs of all employees.

By the end of 2011, the Bank trained a total of 2,799 participants in a variety of courses and conferences that were conducted by training experts from the Bank, as well as local and international institutions as follows:

Subject	Number of courses	Number of participants
Information Technology	29	246
Trade Finance	12	217
Management, Behavior & Safety	56	501
Finance & Accounting	19	124
Credit Facilities	39	402
Internal Audit	13	76
Risk & AML	37	295
Treasury & Investment	13	98
Legal	16	190
Marketing & Sales	27	337
Procedures & Systems	6	188
Security & Safety	2	94
Other	9	31
Total	278	2799

The Bank also continued its "Future Bankers" program, and qualified 20 new employees using this program. A selection of Jordanian graduates with distinction were given banking, technical, behavioral, and on-the-job training and were then assigned to positions in all of the Bank's departments.

In addition, the Bank encouraged the continuous education of the employees by allowing them to continue their graduate studies, as well as providing scholarships to their children. Furthermore, the Bank provided 345 training opportunities for students of local universities and colleges all around the Kingdom and coordinated with various local community centers on providing training and workshops for students and graduates.

The Bank and Local Communities

The Bank continued its commitment to actively support the local community. Accordingly, the Bank has been keen on assisting various organizations in compliance with its vision based on the importance of interconnecting with all strata of the community concerning various activities and functions in its areas of operation. For the consecutive year, the Bank sponsored the Hussein Cancer Foundation Children's Summer Camp which is considered to be one of the most successful activities of the Foundation. In addition, the Bank continued its support to HM Queen Rania's "Madrasati Initiative" for improving the educational environment in disadvantaged schools in the Kingdom through support in Abu Bakr Al-Saddiq School in Al-Mafraq, refurbishing its facilities and repairing the infrastructure in the school. Our employees paid visits to the school to reach out to the students through recreational functions and extracurricular activities. The employees participated with the students in painting the school walls to revamp the school and cultivate the students' sense of responsibility toward their schools. This activity would be added to previous similar activities done by the Bank in Raymon Elementary School in Jerash and Qurayqirah School in Aqaba.

Future Bankers Program

Bank Employee Workshop

King Hussein Cancer Center Summer Camp

King Hussein Cancer Center Summer Camp

Madrasati Initiative
Abu Bakr Al-Saddiq Elementary - Mafraq

Madrasati Initiative
Qurayqirah Elementary School - Aqaba

Madrasati Initiative
Raymon Elementary School - Jerash

The Bank's Activities During 2011

Believing in the importance of investing in the youth, the Bank provided its support to Luthan Center for Youth Development in its "Loyac Summer Camps" as well as Elia Nuqul Foundation "Today's Youth for Tomorrow's World" through providing 10 training and work opportunities for students of Jordanian public universities. In addition, the Bank supported the Save the Children Foundation School-to-Career Program whose broad aim is to support students transitioning from school into meaningful work or further education by integrating the School-to-Career concept within the educational system.


Save the Children Foundation
SOS program

Moreover, the Bank sponsored a number of soccer and basketball tournaments at schools, emphasizing its unflagging support to sports and youth activities in the Kingdom. It also supported Amman Baccalaureate's School Marathon as well as the Students' Counsel elections in New English School.


Student Counsel Elections - New English School


Soccer and Basketball Tournament -
National Orthodox School


Stars Sports Club

Baccalaureate School Marathon

In recognition of its responsibility towards the local Palestinian community, the Bank continued implementing the Banks in Action program in collaboration with Enjaz Palestine through providing a number of qualified employees to conduct specialized training courses and supervise the implementation of the program at the Palestinian schools and universities. The importance of this program stems from the notion that experts introduce the youth to the banking environment, hence, qualifying them for practical life and preparing a generation of bankers capable of leading the banking industry in Palestine and lifting it to the highest levels. In addition, the Bank sponsored a number of cultural and sports activities such as the Cultural Festival in Tulkarem, the opening day at Birzeit University, and other events.

Fifth International exhibition for the Building, Contruction and Engineering Industries

Philadelphia University Career Day Exhibition

Exhibition 2 for Easy Financing and Investment

During the year, the Bank donated a total of JD 435.2 thousand to accomplish the aforementioned activities. These donations were distributed upon the following sectors:

(Amount in thousands of JDs)

Health Sector	58.2
Educational Sector	165.6
Social and Community Services	192.6
Sports Activities	13.5
Other	5.3

Cairo Amman Bank Gallery

Cairo Amman Bank Gallery officially opened in August of 2008 and hosted its first activity; An Exhibition for 7 Jordanian Artists. Following, the Gallery held exhibitions for more than 60 Jordanian and Arab artists including the leading Arab Iraqi sculpturer, the late Mohammed Ghani Hikmat. The Gallery managed to translate its vision of supporting art, multi-generational and multi-method exhibitions into a reality to become a cultural forum and to present the vital role large corporations can play in supporting the cultural movement.

In addition to hosting exhibitions, the Gallery went beyond to include support in printing of books, festivals of theatre and the arts in Jordan, such as Amman International Theatre Festival, the Free Theatre, and various cultural events.

7x7 Art Exhibition
7 paintings by 7 artists

The pioneer of Arab Sculpturing
The late Mohammad Ghani Hikmat

In collaboration with Fabiriano International Company, the Gallery invited students of different age groups to participate in the second children's drawings contest held by the Bank annually. The competition included different topics such as, the environment, the pride in homeland and identity, daily life, and Jerusalem in the Eyes of our Children, allowing participants the opportunity to express on these topics using water colors, wood, oil, graphic art and poster. The Bank awarded winners in each age group with a savings account; and the grand prize was a trip to Italy to visit the Fabiriano factories. The Bank also printed a booklet including the winning works of art and the others presented in the gallery. The number of participants in the competition was 80 students.

Second Annual Children's Art Competition

Second Annual Children's Art Competition

The Bank's Competitiveness

The Bank strengthened its position as one of the leading banks in Jordan, bolstered by its achievements during this year and the preceding years. The Bank was awarded by the London Media News World as the "Best Commercial Bank in Jordan" in 2011. Capital Intelligence confirmed its rating of the Bank for the year despite the adverse economic situation in the country which did not allow for improving the rating.

Cairo Amman Bank is considered a pioneer in retail banking, offering loan programs that cover individual, micro-financing and small enterprises. It has special programs for granting loans to low-income persons and small enterprises. The Bank stands out for its wide-spread branches and offices, totaling 94 in Jordan and Palestine, inter-connected with a well-developed communication network, enabling the Bank's customers to complete all their banking transactions at any branch or office. Additionally, the Bank has a network of 224 ATMs.

The Bank's market share of total deposits in Jordan is 3.47%, and 4.8% in credit facilities respectively, and 8.95% and 8.23% in Palestine.

Profile of Subsidiary Companies

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

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

The Bank commissioned the Company to manage its investment portfolio in bonds.

Business Plan for 2012

The Bank will strive to maintain its 2011 achievements and to post good growth rates through improving the efficiency of its banking services and expanding its customer base while maintaining the quality of the credit facilities portfolio.

Following are the most important items of the business plan for 2012:

• Implementation of Basel II agreement, especially clauses related to the second pillar "managerial review" and to prepare for Basel III requirements, as well as reinforcing sound corporate governance

• Maintain adequate liquidity levels by increasing customers' deposits, and continue the cash and in-kind prizes schemes

• Solidifying the Bank's leading position of providing banking services to individuals by expanding cross-selling and preparing specific programs that fulfill the needs of all customers

• Maintaing the quality of the credit facilities portfolio, through expanding the size of the portfolio while continuing efforts to settle non-performing loans and increase the coverage ratio

• Continuing to implement the IT development plan to enhance the Bank's performance, including the new core banking system and communication channels

• Increasing performance efficiency and cost control while maintaining the quality of services

• Expanding sales outlets by opening 3 new branches in several targeted areas in Jordan and Palestine

• Continuing with the renovation of the Bank's branches in accordance to its corporate identity through the renovation of 5 branches in Jordan and Palestine

• Improving the efficiency and skills of the Bank's employees through implementation of the annual training plan, and continue with the Future Bankers program

• Continuing the Bank's participation in supporting the local community, which is part of the Bank's social responsibility

Risk is inherent in the Bank's activities; the process of risk management is critical to the Bank's continuing profitability through implementing a comprehensive strategy for risk management by addressing the risks and attempting to mitigate them through specialized risk management committees such as the Risk Committee, Assets & Liabilities Committee, Investment Committee, and Procedures Development Committee, in addition to specialized departments within the Bank such as the Risk Management Department, Compliance and Anti-money Laundering Department and Internal Audit Department. Further, each individual and department within the Bank is responsible for the risk exposures related to his or her responsibilities.

The risk management process include identification, measurement, and evaluation of risks whether financial or non-financial risks that could negatively affect the Bank's operations or reputation.

During the year and in accordance with the Central Bank of Jordan's requirements related to the implementation of the second pillar "managerial review" of Basel II, the Bank developed and implemented the overall framework for internal capital adequacy assessment process (ICAAP) including: documenting the methodologies used to measure and manage all financial and non-financial risks in addition to determining the Bank's capital requirements that align with various risks levels, the Bank's control environment, business plan and the volume of its operations.

The risks facing the Bank include:

Credit Risk

Credit risk is the risk that one party to the financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank manages credit risk by setting limits for individual borrowers, and groups of borrowers and for geographical and industry segments. The Bank also monitors credit exposures, and continually assesses the credit worthiness of counterparties.

The Board of Directors' approves on an annual basis credit granting budgets that observes the geographical and segmental limits.

The Bank follows different procedures to mitigate the risks, including determining the acceptable types of collaterals and their conditions, 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 Bank has several departments for monitoring credit facilities and reporting any warning signs in advance in order to ensure proper monitoring and follow-up.

Market Risk

Market risk arises from fluctuations in fair value or cash flows of financial instruments as a result of changes in interest rates, foreign exchange rates and equity prices. Market risks are monitored according to policies and procedures set by the Bank that includes sensitivity analysis in addition to stop loss limits. Market risks include interest rate risk, liquidity risk and equity price risk.

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. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. In addition, the Bank has a liquidity contingency plan.

Operational Risk

Operational risk is the risk of loss arising from systems failure, human resources, fraud or external events.

Maintaining an adequate internal control structure is key in managing operational risk. Accordingly, the Bank's management paid considerable attention in continued development of the control environment in all activities and operations of the Bank, as the operational risk policy covers all of the Bank's divisions, branches and subsidiaries.

The Bank also implemented a business continuity plan through the completion of business impact analysis in addition to setting a disaster recovery site fully equipped with the necessary technology and required human resources to continue the Bank's operations during emergency situations.

Compliance Risk

Compliance risk is the risk of legal sanctions, financial losses or reputational risk as a result of non-compliance with laws, regulations, standards of conduct and sound banking practices issued by the local and international regulatory authorities.

The Bank issued compliance and the Anti-money Laundering policy, approved by the Board of Directors, whereby database of all related laws and regulations is maintained in addition to designing a guide of regulations related to the Anti-money Laundering and Terrorist Financing Acts, including all related financial and non-financial reports.

The Bank has set up a risk-based classification of laws and regulations to determine the degree of risk for non-complying with each, within the regulatory risk-based matrix.

The Bank gives a great deal of importance to proper corporate governance practices based on the principles of transparency and responsibility. The Bank follows sound professional practices that is in compliance with Central Bank of Jordan regulations, as well as the regulatory requirements of other countries in which it operates.

The presence of an effective, professional and independent Board of Directors is one of the most important requirements of sound corporate governance practices. The Board's primary role is to protect and enhance the shareholders' long-term value through the establishment of strategic direction and monitoring achieving the goals by the executive management.
The Bank's Board of Directors is composed of 12 members that were elected for a period of four years by the General Assembly during its meeting held on March 24, 2010. The members of the Board have a range of skills and experiences that increases the effectiveness of the Boards. All members of the Board are non-executive members.

To assist it in carrying its duties, the Board of Directors have established several specialized committees, each having their own roles and duties:

Corporate Governance Committee

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

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

Audit & Compliance Committee

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

The duties of the Audit & Compliance Committee includes:
- Reviewing the financial statements before being presented to the Board of Directors, in addition to meeting with external auditors and making necessary recommendations
- Supervising internal audit activities, including reviewing the annual internal audit plan, and the internal audit reposts
- Recommending to the Board of Directors with the accounting policies and practices of the Bank as well as reviewing all accounting issues that have a significant effect of the financial statements
- Reviewing the Bank's internal controls and its adequacy through the reports of the internal audit department and the external auditors
- Recommending to the Board of Directors the appointment or the removal, the remuneration and other contractual terms of the external auditors, in addition to assessing the objectivity of the external auditors, including the consideration of any other non-audit work performed by the external auditors
- Receiving and reviewing compliance reports

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

Risk Management Committee

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

The duties of the Risk Management Committee includes:
- Reviewing the Risk Management strategy before being approved by the Board, and assessing its effectiveness on a continuous basis
- Ensuring the existence of policies and framework of the risk management function, and reviewing it on a regular basis
- Reviewing and recommending to the Board, in conjunction with executive management, proposed aggregate loss limit targets for various risk categories (e.g. loan losses, market losses, operational losses), paying special attention to capital adequacy and liquidity requirements
- Submitting regular reports to the Board indicating risk
- Overseeing the Head of Risk Management and the annual plan of the department activities
- Ensuring that the risk management function has adequate expertise and resources to fulfill its responsibilities
- Reviewing assumptions used in risk measurement models

- Overseeing the development of the risks database
- Reviewing stress tests on credit, liquidity, market and operational risks and approving contingency planning
- Reviewing the reports of the Risk Management department
- Monitoring the Bank's preparation and implementation of Basel II with respect to risk management and measurement issues
- Receiving regular reports from the Assets Liabilities committee
- Ensuring the existence of business continuity plan and testing it on a regular basis

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

Investment Committee

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

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

Real Estate Committee

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

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

Nomination & Remuneration Committee

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

The duties of the Risk Management Committee include:
- Setting the method to assess the effectiveness of the Board and its Committees
- Determining whether a director is independent considering the minimum standards for independence set out in this code
- Nominating board appointments to the General Assembly
- Providing background briefing material for directors as requested, as well as ensuring that they are kept up-to-date on relevant banking topics
- Recommending to the Board the remuneration of the General Manager including monthly salary and other benefits. The Nominations & Remuneration Committee also reviews the bonuses and other remuneration of other executive management
- The Nomination & Remuneration Committee ensures that the Bank has a remuneration policy sufficient to attract and retain qualified individuals and is in line with the Bank's peers in the market
- The Committee meets on a regular basis, and members of the executive management are invited to attend its meetings, if necessary.

Board of Directors as of December 31, 2011

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

Yazid Adnan Al-Mufit
Member since: 1991
Date of birth: 1953
Academic Qualifications:
Bachelor in Business Administration
Professional Experience:
General Manager of Cairo Amman Bank from 1989 until October 2004
Experience in banking through his work at Citibank
Board member in many companies such as Zara Investment (Holding) Company, Palestine Development and Investment Company (PADICO) and Middle East Insurance Company

Mohammad Kamal Eddin Barakat
Vice Chairman
Member since: 2006
Date of birth: 1952
Academic Qualifications:
Masters in Finance and Marketing
Bachelor in Business
Professional Experience:
Chairman of Banque Misr since December 2002
Experience in banking for more than 30 years through his work as the General Manager of Egyptian American Bank since April 1980 to February 1996, Deputy Chairman and CEO of Egyptian Gulf Bank from March 1996 to December 2002, and Chairman of Banque Du Caire from September 2005 to September 2011
Chairman of Banque Misr Liban
Board member of Central Bank of Egypt, Egyptian Banking Institute, the Arab Academy for Banking and Financial Sciences, Union of Arab Banks and Visa, inc.

Ibrahim Hussein Abu Al-Ragheb
Member since: 1992
Date of birth: 1945
Academic Qualifications:
Bachelor in Business Administration
Professional Experience:
Chairman and General Manager of Arab Steel Manufacturing Company
Various administrative experience

Yasin Khalil Al-Talhouni
Member since: 1998
Date of birth: 1973
Academic Qualifications:
Bachelor in Economics
Professional Experience:
Board member in various companies such as Zara
Investment (Holding) Company, Jordan Hotel and Tourism Company, Jordan Project for Tourism Development and Jordan Electricity Company

Dr. Farouq Ahmad Zuaiter
Member since: 2002
Date of birth: 1936
Academic Qualifications:
Ph.D in Accounting, Economics and Statistics
Masters in Accounting
Bachelor in Accounting
Professional Experience:
Former CEO of Palestine Development and Investment Company (Padico)
Financial and administrative experience through working as deputy CEO of Trust Company, deputy general manager and Projects Manager in Al-Sahel Development and Investment Company (Kuwait)
Chairman of Hisham Hijjawi College of Technology
Vice Chairman of Najah University board of trustees
Former assistant professor in DePaul University and University of Chicago
Board member of Palestine Telecommunication Company, Jordan Vegetable Oil Industries Company, Palestine Investment Bank and VTel Holding

Nashat Taher Al-Masri
Member since: 2002
Date of birth: 1971
Academic Qualifications:
Masters in Public Policy
Bachelor in Economics
Professional Experience:
Partner in Foursan Group
Worked as Vice President - Investment Banking in J.P. Morgan
Board member in many companies such as Isra Investment Company, Siniora Food Industries, Aqaba Development Company and Royal Jordanian Air Academy

Ghassan Ibrahim Akeel
Member since: 2002
Date of birth: 1968
Academic Qualifications:
Masters in Business Administration
Bachelor in Accounting
Certified Public Accountant (CPA)
Professional Experience:
Deputy General Manager of Astra Group – Saudi Arabia
Experience in public accounting through his work as Audit Manager in Big Five accounting firm
Board member of Astra Industrial Group, Vtel Holding Company, Arab Cooperative Insurance Company

Bassam Ali Al-Subaihi
Member since: 2009
Date of birth: 1963
Academic Qualifications:
Ph.D in Economics
Masters in Business Administration
Bachelor in Business Administration
Professional Experience:
Head of Risk Management Department in the Social Security Corporation.
Former lecturer at Coventry Technical College – UK
Experience in audit, risk management and finance through his previous work in Social Security Corporation and other companies

Suhair Sayed Ibrahim
Member since: 2007
Date of birth: 1938
Academic Qualifications:
Masters in Accounting
Diplomas in Finance, Banking Studies, and Accounting
Bachelor in Accounting
Professional Experience:
General Manager and member of the Management Committee of Banque Du Caire
Experience in banking from working in various departments in Banque Du Caire

Sharif Mahdi Al-Saifi
Member since: 2010
Date of birth: 1972
Academic Qualifications:
Masters in Marine Environmental Protection
Bachelor of Science in Foreign Services
Professional Experience:
Deputy General Manager/Partner Masar United Contracting Co
Former CEO of United Garment Manufacturing Co
Marine Park Manager of Aqaba Marine Park
Operations Manager at Masar Contracting Co
Board Member The Queen Rania Excellence in Education Award
Board member of VTEL Holding, South Coast Hotels Company and United Garment Manufacturing Co

Arfan Khalil Ayass
Member since: 2011
Date of birth: 1942
Academic Qualifications:
Masters in Accounting
Bachelor of Science in Accounting
Certified Public Accountant (CPA)
Professional Experience:
Experience in public accounting for more than 30 years in Lebanon and Saudi Arabia; ended as managing partner in Ernst & Young (Riyadh)
Board member and chairman of the Audit committee of First National Bank (Lebanon), a member of the Board and Audit committee of Al Ahli International Bank (Lebanon), and a member of the audit committee of the IMF in Washington D.C.
Member of the American Institute of Certified Public Accountants, the Lebanese Society of Certified Public Accountants, and the Arab Society of Accountants

Executive Management as of December 31, 2011

Kamal Ghareeb Al-Bakri
General Manager
Date of Hiring: 2003
Date of birth: 1969
Academic Qualifications:
Bachelor in Law
Professional Experience:
Experience in banking sector through his work as the Deputy General Manager of Cairo Amman Bank and previously as the Head of Legal Department and Legal Advisor
Board member in several companies including Zara Investment (Holding) Company, Jordan Insurance Company and Jordan Tourist Transport Company (JETT)

Khaled Mahmoud Qasim
Deputy General Manager for Operations and Support Services
Date of Hiring: 2008
Date of birth: 1963
Academic Qualifications:
Masters in Business Administration
Bachelor in Finance
Holder of CIB certificate
Professional Experience:
Experience in banking sector for more than 25 years through his work in Jazeera Bank, Arab Bank, Cairo Amman Bank, Jordan National Bank and Kuwait National Bank

Rana Sami Sunna
Deputy General Manager for Banking Operations
Date of Hiring: 1995
Date of birth: 1966
Academic Qualifications:
Masters in Business Administration
Bachelor in Accounting
Professional Experience:
Deputy General Manager for Banking Operations since December 2009
Experience in the field of risk management through her work and the Manager of Risk Management Department in the Bank since 1998.
Worked as the Head of local facilities department in the Central Bank of Jordan
Board member in the Jordan Mortgage Refinancing Company

Qasim Mohammad Tawfeeq
Head of Internal Audit
Date of Hiring: 2002
Date of birth: 1954
Academic Qualifications:
Bachelor in Arabic
Holder of ICFA, CERT.I.A, CAFC and CFE certificates
Professional Experience:
Experience in banking sector and in internal audit through his work in Arab Bank from 1978 to 2002

Ghaddah Mohammad Nazzal
Head of Human Resources
Date of Hiring: 2003
Date of birth: 1959
Academic Qualifications:
Masters in Business Administration
Bachelor in Human Resources
Professional Experience:
Experience in human resources through her work as Human Resources Manager in Arab Banking Corporation (Jordan) and Jordan Projects for Tourism Development Company, and Administrative Development Manager in Arabtec- Jardaneh Company

Nizar Tayseer Mohammed
Head of Finance & Risk Management
Date of Hiring: 2004
Date of birth: 1972
Academic Qualifications:
Bachelor in Accounting
Certified Public Accountant (CPA)
Professional Experience:
Experience in public accounting through his work as an Audit Manager in a large public accounting firm
Board member of Jordan Association of Management Accountants
Board member in Daman Investment Company and Jordan Vegetable Oil Industries Company

Hamed Ibrahim Kreishan
Head of Branches and Sales
Date of Hiring: 2000
Date of birth: 1955
Academic Qualifications:
Masters in Business Administration
Bachelor in Aeronautical Engineering
Professional Experience:
Experience in sales and marketing through his work in Coca Cola and Ahleya for Trading Centers Company

Omar Ahmad Yaqoub
Head of Information Technology
Date of Hiring: 2004
Date of birth: 1957
Academic Qualifications:
Bachelor in Business Administration
Diploma in Information Technology
Professional Experience:
Experience in Information Technology in banks for more than 27 years through his work as IT manager in Arab Banking Corporation (Jordan) and Jordan National Bank, and assistant manager in Arab Jordan Investment Bank

Azmi Mohammad Owaidah
Head of Retail Banking
Date of Hiring: 1996
Date of birth: 1964
Academic Qualifications:
Bachelor in Accounting
Professional Experience:
Experience in the field of credit in Banks through his work in Cairo Amman Bank and Jordan Kuwaiti Bank

Yazeed Sitan Ammari
Head of Corporate Credit
Date of Hiring: 2006
Date of birth: 1965
Academic Qualifications:
Masters in Finance
Bachelor in Business Administration
Professional Experience:
Experience in the field of credit in Banks through his work in Jordan National Bank, Amman Investment Bank and Arab Real-estate Bank

Naser Abdul Karim Al-Qudseh
Head of Engineering and Administration
Date of Hiring: 2003
Date of birth: 1961
Academic Qualifications:
Bachelor in Marketing and Sales
Professional Experience:
Administrative experience through his work in Astra Group

Farouq Mohammad Amawi
Head of Compliance
Date of Hiring: 2008
Date of birth: 1951
Academic Qualifications:
Diploma
Professional Experience:
Experience in banking for more than 25 years sector through his work in Jordan National Bank, Arab Bank/Syria, Middle East Investment Bank and Arab Jordan Investment Bank

Reem Younis Eses
Head of Treasury
Date of Hiring: 190
Date of birth: 1964
Academic Qualifications:
Masters in Economics
Bachelor in Economics
Professional Experience:
Experience in banking through her work as the Treasurer in the Bank since 1990
Worked as a researcher in the Royal Scientific Society since 1997

Izzidin Rushdi Abu Salameh
Head of Operations
Date of Hiring: 2003
Date of birth: 1971
Academic Qualifications:
Masters in Business Administration
Bachelor in English
Professional Experience:
Head of Operations since November 2009
Experience in operations through working as Assistant Regional Manager, Palestine Branches for Operations and Information Technology since 2003
Operations Manager in Standard Chartered, Palestine since 1995

Jan Shawkat Yadaj
Head of Business Support and Procedures
Date of Hiring: 1990
Date of birth: 1968
Academic Qualifications:
Bachelor in English
Professional Experience:
Experience in banking since 1990 in the fields of operations, branches and procedures

Omar Sarhan Aqel
Head of Documentation and Credit Control
Date of Hiring: 1989
Date of birth: 1963
Academic Qualifications:
Bachelor in Accounting
Professional Experience:
Experience in banking n the field of operations, internal audit, documentation and credit control

Olginia Jamal Haddad
Head of SMEs and Palestine Credit
Date of Hiring: 1990
Date of birth: 1969
Academic Qualifications:
Bachelor in Finance
Professional Experience:
Experience in the field of credit in the Bank

Mary Wade' Hanna
Secretary of the Board
Date of Hiring: 1960
Date of birth: 1943
Academic Qualifications:
Diploma in Business
Professional Experience:
Secretary of the Board since 1982.
Experience in banking since 1960 in the fields of human resources and administration

Directors' Shareholdings

Name	Nationality	2011	2010
Mr. Khaled Al-Masri	Jordanian	5,000	5,000
Relatives shareholdings	-	-	-
Mr. Yazid Al-Mufti	Jordanian	1,136	1,136
Relatives shareholdings	-	-	-
Banque Misr	Egyptian	10,777,580	10,777,580
Mr. Mohammad Barakat	Egyptian	-	-
Relatives shareholdings	-	-	-
Ishraq Investment Company	Jordanian	6,137	6,137
Mr. Ibrahim Abu Al-Ragheb	Jordanian	249,000	249,000
Relatives shareholdings	Jordanian	1,496	1,496
Levant Investment Company	Jordanian	5,000	5,000
Mr. Yasin Al-Talhouni	Jordanian	6,054,095	6,054,095
Relatives shareholdings	-	-	-
Palestine Development & Investment Co. represented by Dr. Farouq Zuaiter	Liberian	2,266,437	2,266,437
Dr. Farouq Zuaiter	Jordanian	113,863	113,863
Relatives shareholdings	Jordanian	105,084	94,084
Al-Massira Investment Company	Jordanian	11,387,803	11,387,803
Mr. Arfan Ayass	Lebanese	-	-
Dr. Abdul Malek Jaber	Jordanian	-	56,818
Relatives shareholdings	-	-	-
Mr. Nashat Al-Masri	Jordanian	2,776	2,776
Relatives shareholdings	-	-	-
Arab Investment and Trade Company represented by Mr. Ghassan Akeel	Saudi Arabian	2,039,465	2,039,465
Mr. Ghassan Akeel	Jordanian	20,000	20,000
Relatives shareholdings	Jordanian	19,079	19,079
Social Security Corporation represented by Mr. Bassam Al-Subaihi	Jordanian	5,790,843	5,790,843
Mr. Bassam Al-Subaihi	Jordanian	-	-
Relatives shareholdings	-	-	-
Misr Investment Company represented by Mrs. Suhair Sayed	Egyptian	1,331	1,331
Mrs. Suhair Sayed	Egyptian	-	-
Relatives shareholdings	-	-	-
Mr. Sharif Al-Saifi	Jordanian	223,047	223,047
Relatives shareholdings	Jordanian	69,305	69,305

Executives and Informed Employees Shareholdings

Name	Position	Nationality	2011		2010	
			Personal	Relatives	Personal	Relatives
Mr. Kamal Al-Bakri	General Manager	Jordanian	-	-	-	-
Mr. Khaled Qasim	Deputy GM for Operations and Support Services	Jordanian	-	-	-	-
Mrs. Rana Sunna	Deputy GM for Banking Operations	Jordanian	4,000	-	4,000	-
Mr. Qasim Tawfeeq	Head of Internal Audit	Jordanian	-	-	-	-
Miss Ghaddah Nazzal	Head of Human Resources	Jordanian	-	-	-	-
Mr. Nizar Mohammed	Head of Finance & Risk Management	Jordanian	1,310	650	-	-
Mr. Hamed Kreishan	Head of Branches and Sales	Jordanian	-	-	-	-
Mr. Omar Yaqoub	Head of Information Technology	Jordanian	-	-	-	-
Mr. Azmi Owaidah	Head of Retail Banking	Jordanian	-	-	-	-
Mr. Yazid Ammari	Head of Corporate Credit	Jordanian	-	-	-	-
Mr. Naser Qudseh	Head of Engineering and Administration	Jordanian	-	-	-	-
Mr. Farouq Amawi	Head of Compliance	Jordanian	-	-	-	-
Mrs. Reem Eses	Head of Treasury	Jordanian	-	-	-	-
Mr. Izzidin Abu Salameh	Head of Operations	Palestinian	-	-	-	-
Miss Jan Yadaj	Head of Business Support and Procedures	Jordanian	-	-	-	-
Mr. Omar Aqel	Head of Documentation and Credit Control	Jordanian	-	-	-	-
Mrs. Olginia Haddad	Head of SMEs	Jordanian	-	-	-	-
Miss Mary Hanna	Secretary of the Board of Directors	Jordanian	-	-	-	-

Shareholders with 5% or More Ownership

Name	2011		2010	
	Shares	%	Shares	%
Al-Massira Investment Company	11,387,803	11.39	11,387,803	11.39
Banque Misr	10,777,580	10.78	10,777,580	10.78
Najwa Mohammad Madi	10,450,000	10.45	10,450,000	10.45
Yasin Khalil Al-Talhouni	6,054,095	6.05	6,054,095	6.05
Hamzah Khalil Al-Talhouni	5,814,417	5.81	5,939,067	5,94
Social Security Corporation	5,790,843	5.79	5,790,843	5.79
Sabih Taher Al-Masri	5,213,696	5.21	5,213,696	5.21

The ownership of Mr. Sabih Al-Masri Group represents 29.5% of the Bank's paid in capital
The ownership of Mr. Yasin Al- Talhouni Group represents 16.9% of the Bank's paid in capital

Board of Directors Remunerations during 2011

Name	Transportation	Travel	Bonus
Mr. Khaled Al-Masri	9,000	-	5,000
Mr. Yazid Al-Mufit	9,000	-	5,000
Mr. Mohammad Barakat	-	11,211	5,000
Mr. Ibrahim Abu Al-Ragheb	9,000	-	5,000
Mr. Yasin Al-Talhouni	9,000	-	5,000
Dr. Farouq Zuaiter	9,000	-	5,000
Dr. Abdul Malek Jaber	7,500	-	4,167
Mr. Ghassan Akeel	-	18,669	5,000
Mr. Nashat Al-Masri	9,000	-	5,000
Social Security Corporation	9,000	-	5,000
Mrs. Suhair Sayed	-	17,114	5,000
Mr. Shrif Al-Saifi	9,000	-	-
Mr. Arfan Ayass	-	410	833
Total	**79,500**	**47,404**	**60,000**

- Total salaries, bonuses and other benefits paid to the members of the Bank's executive management during 2011 was JD 2,564,745
- The Bank does not rely on any particular vendors and/or customers that constitute 10% or more of the Bank's purchases and/or revenues
- The Bank does not enjoy any privilege of governmental protection on any products or activities and did not receive any patents or franchises during 2011
- Government decisions during 2011 did not have any material effect on the Bank's operations.
- All activities and operations performed during 2011 were of a recurring nature and in line with the Bank's main activities. There were not extraordinary activities that had a significant financial effect during the year.
- Capital expenditures during 2011 were JD 8,525,119
- Audit fees for 2011 were JD 145,334 in addition to sales and value added taxes, and were distributed as follows:

	JD
Cairo Amman Bank	134,000
Awraq Investment	7,000
Al-Watanieh Securities	4,334
Total	145,334

Other consulting fees paid to the external auditors during the year amounted to JD 75,581

Awraq Investment manages the Bank's portfolio in bonds and other instruments for an annual fee. The Bank did not have any other contracts, projects and commitments with subsidiary companies, or Chairman and members of the Board of Directors except for regular banking operations that are fully disclosed in note 44 to the financial statement. Those transactions are made in accordance with Central Bank of Jordan regulations.

- Statement from the Board of Director

The Board of Directors affirms that according to its knowledge and beliefs, there are no significant issues, which would affect the sustainability of the Bank's operations during the next fiscal year of 2012.

The Board of Directors also acknowledges its responsibility for the preparation of the financial statements for the year 2011 noting that the Bank maintains an effective internal control structure.

Chairman
Khaled Sabih Al-Masri

Vice Chairman
Yazid Adnan Al-Mufti

Mohamed Kamal Eldin Barakat

Ibrahim Hussein Abu Al-Ragheb

Yasin Khalil Al-Talhouni

Dr. Farouq Ahmad Zuaiter

Nashat Taher Al-Masri

Ghassan Ibrahim Akeel

Suhir Sayed Ibrahim

Bassam Ali-Subaihi

Sharif Mahdi Al-Saifi

Arfan Khalil Ayass

* Mr. Arfan Ayass' signature did not appear due to his presence outside of Jordan when the statements were signed.

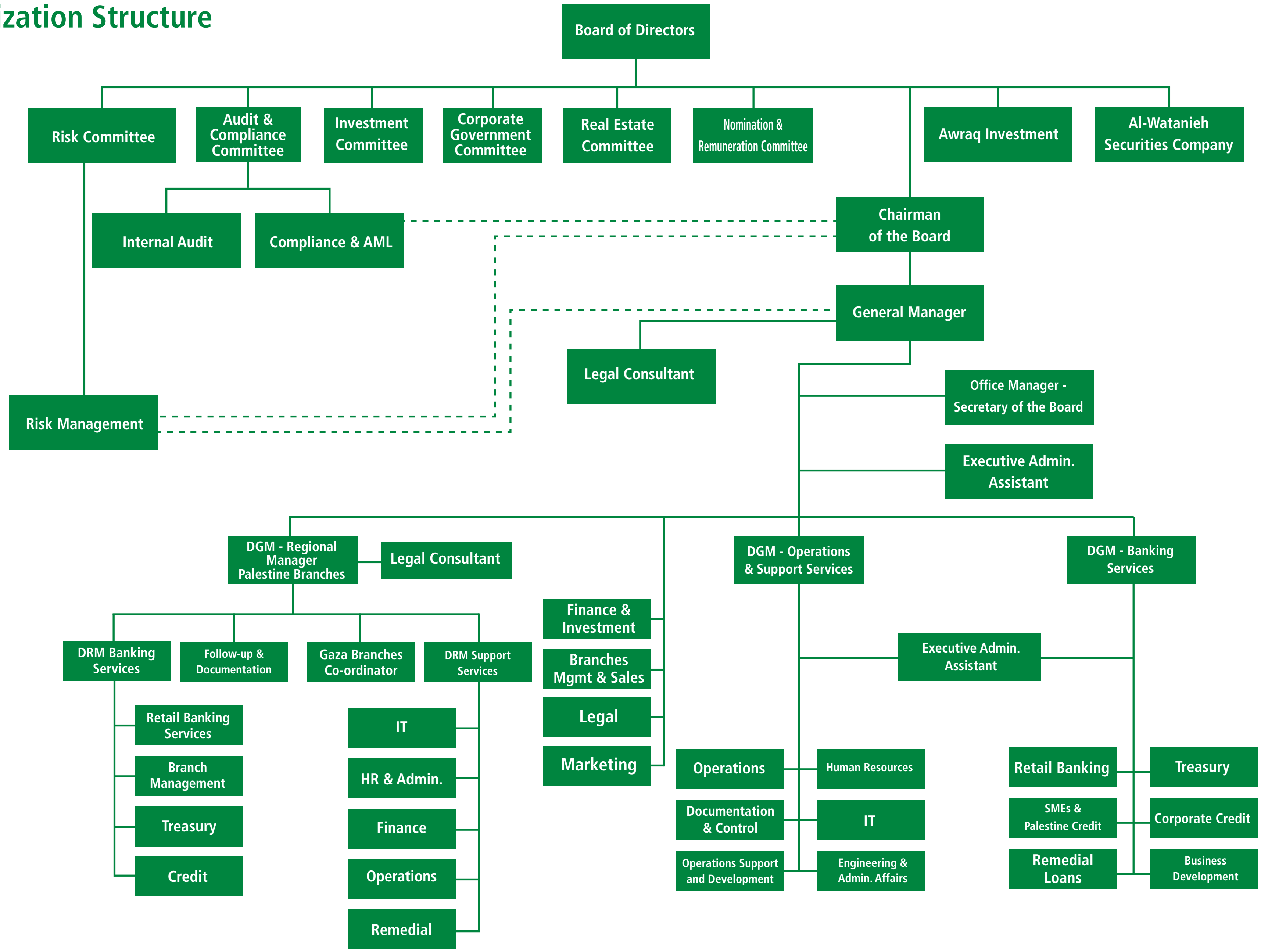
The Chairman, General Manager and the Head of Finance acknowledge the accuracy and completeness of the information and financial data provided in the annual report.

Chairman
Khaled Sabih Al-Masri

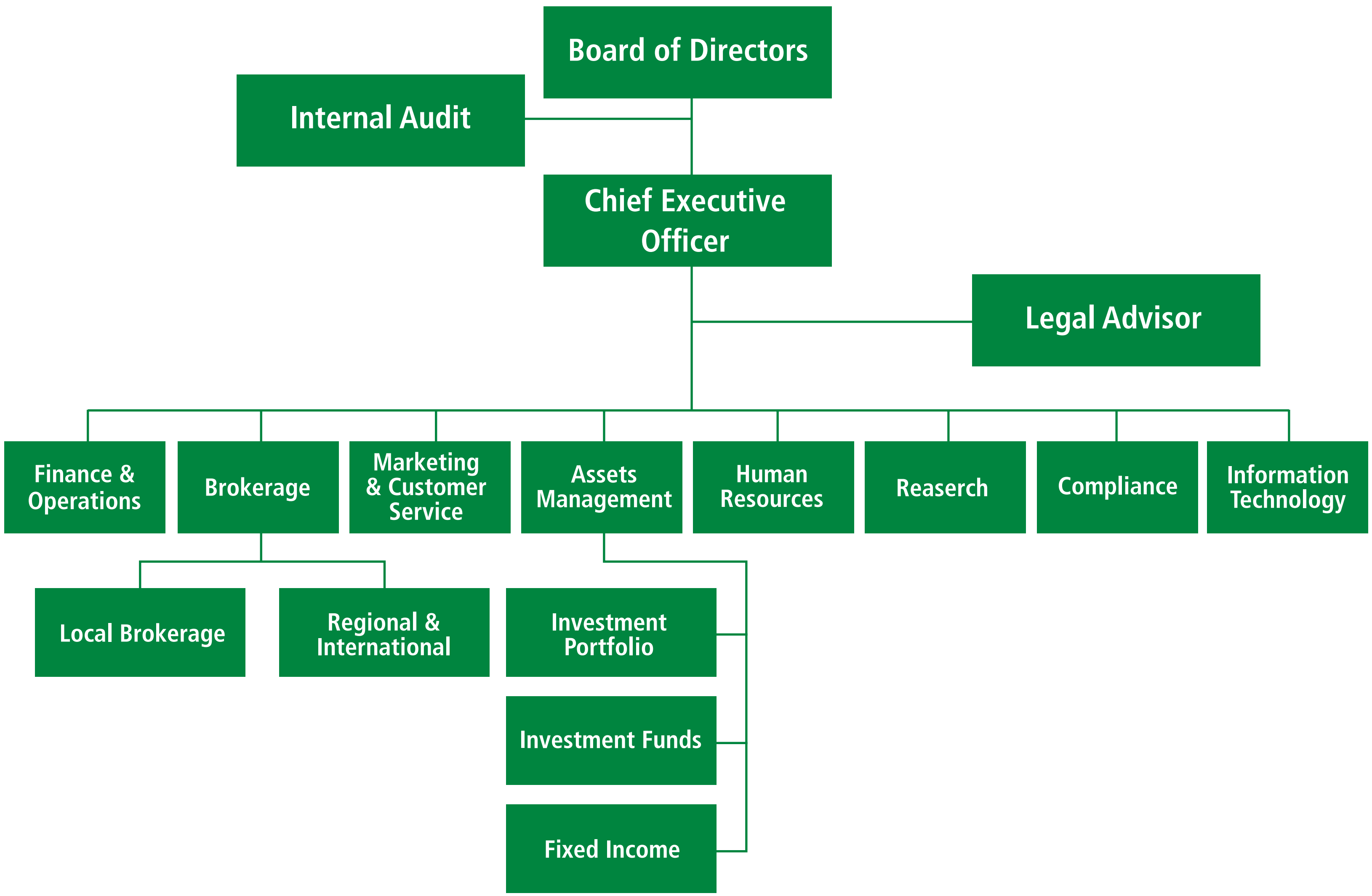
General Manager
Kamal Ghareeb Al-Bakri

Head of Finance
Nizar Tayseer Mohammed

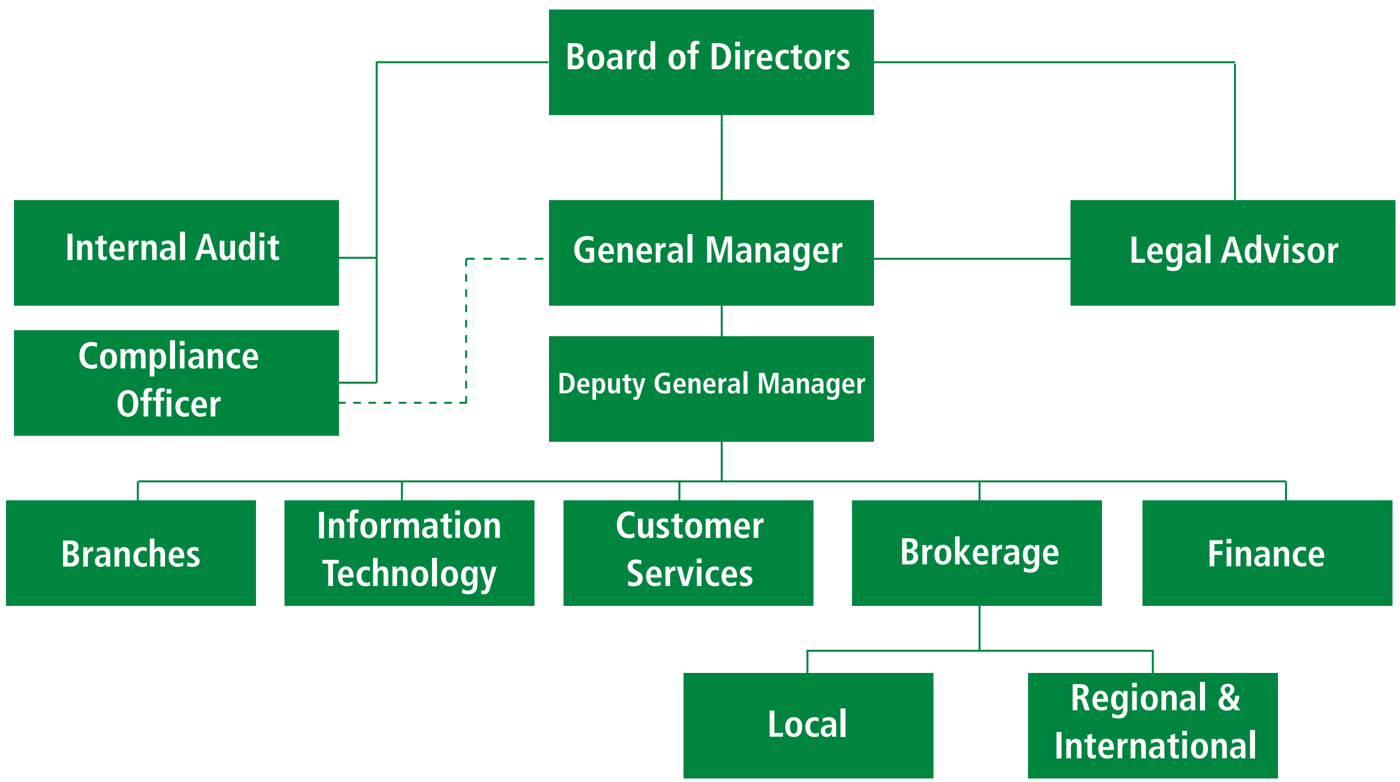
Organization Structure



Awraq Investments



Al-Watanieh Securities Company



Corporate Governance Code

King Hussein Cancer Center Summer Camp

Introduction

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

Board of Directors

Duties and Responsibilities of the Board

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

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

a- Setting the Bank's strategic goals and overseeing the implementation thereof, in addition to directing the executive management to design plans for the implementation of these goals.
b- Ensuring and certifying that internal control systems are effective.
c- Reviewing all risks that face the Bank, and ensuring that they are managed properly by the executive management.
d- Ensuring that the Bank complies with all related law and regulations.
e- Appointing a General Manager with integrity, technical competence and experience in banking and monitoring his/her performance as well as approving the appointment of certain members of the executive management and ensuring they have the required expertise.

Composition of the Board

a- The Board of Directors is composed of 12 members elected by the General Assembly for a period of four years. The members of the Board have a range of skills and experiences that increases the effectiveness of the Board.
b- Among the Board's non-executive directors, there are at least three independent directors. An "Independent Director" should meet the following requirements:
- Has not been employed by the Bank for the preceding three years
- Is not a relative (up to the second degree) of a member of the Bank's management
- Is not receiving a salary or compensation from the Bank except for the Board membership
- Is not a director or owner of a company with which the Bank does business with, other than a business relationship made in the ordinary course of the Bank's business and substantially on the same terms as those prevailing at the time for comparable transactions with non-affiliated parties
- Is not, nor in the past three years, been affiliated with or employed by a present or former external auditor of the Bank
- Is neither a shareholder with effective interest in the capital of the Bank, nor affiliated with one

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

The Chairman of the Board

a- The Chairman of the Board ("The Chairman") may have executive authorities.
b- If the Chairman is an executive, the Bank will consider appointing an independent member of the Board as Deputy Chairman.
c- The position of the Chairman is separate from that of the General Manager and the division in responsibilities is set in writing and subject to review and revision from time to time as necessary as approved by the Board.
d- There should be no family connection between the Chairman and the General Manager up to the third degree.
e- The Chairman promotes a constructive relationship between the Board and the executive management, and between the executive directors and the non-executive directors within the Board.
f- The Chairman ensures that both directors and shareholders receive adequate information on a timely basis.

Board Practices

a- The Board holds no less than six meetings every year, with no more than two months between each two meetings, to discuss matters proposed by the executive management and all other matters the Board deems necessary.
b- The executive management provides board members with adequate information sufficiently in advance of the meetings to enable them to reach informed decisions.
c- Each Board member is provided with a formal appointment letter upon his/her election, in which he/she is advised about his/her rights, responsibilities and duties including activities that require the Board authorization limit.
d- A permanent written record of the Board's discussions and votes is kept by the Board Secretary who is also responsible in ensuring that Board procedures are followed, and that information is conveyed between members of the Board, the members of the Board Committees, and the executive management.

e- The Board reaches its decisions based on the absolute majority of members' votes, in the case of an even vote, the decision that the Chairman voted for is approved.
f- Board members and any of the Board's Committees have access to executive management. In addition, members of the executive management may, upon the request of the Chairman, attend Board meetings and present information related to their area of responsibility.
g- Board members and any of the Board's Committees are entitled to use external sources to enable them to adequately fulfill their duties.

Board Committees

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

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

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

The duties of the Audit Committee include:
- Reviewing the financial statements before being presented to the Board of Directors, in addition to meeting with external auditors and making necessary recommendations
- Supervising internal audit activities, including reviewing the annual internal audit plan, and the internal audit reposts
- Recommending to the Board of Directors the accounting policies and practices of the Bank as well as reviewing all accounting issues that have a significant effect of the financial statements
- Reviewing the Bank's internal controls and its adequacy through the reports of the Internal Audit Department and the external auditors
- Recommending to the Board of Directors the appointment or the removal, the remuneration and other contractual terms of the external auditors, in addition to assessing the objectivity of the external auditors, including the consideration of any other non-audit work performed by the external auditors

The Audit Committee meets on a regular basis every three months, and the Head of the Internal Audit Department attends its meetings. The Audit Committee has the ability to obtain any information from executive management, and the ability to call any executive or director to attend its meetings.
The Audit Committee meets each of the Bank's external auditors, its internal auditors, and its compliance officers, without executive management being present, at least once a year.
The Bank recognizes that the Audit Committee does not substitute for the responsibilities of the Board of Directors or the Bank's executive management for the supervision and adequacy of the Bank's internal control structure.

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

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

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

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

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

Investments Committee
- The Investment Committee is comprised of the Chairman of the Board and two non-executive directors
- The Committee sets and reviews the Bank's investment policy and looks into new investment opportunities
- The Committee meets on a regular basis, and members of the executive management may be invited to attend its meetings, if necessary

Self Assessment

a- The Board assesses its own performance and the performance of its committees on an annual basis. The Nominations and Remuneration Committee is responsible for receiving the assessment from the Directors, reviewing them and providing to the Board with a report summarizing the self assessment. The Board discusses this report in order to enhance its performance if needed.
b- The Nominations and Remuneration Committee in coordination with the Chairman formally evaluate the performance of the General Manager and submits its evaluation to the Board.
c- The Board approves executive management succession plans, which set out the required qualifications and requirements of the positions.

Related Party Transactions

a- Related Party Transactions between the Bank and its employees, directors, their companies, or other related parties, including lending and share trading transactions, are done according to rules and procedures that comply with the Central Bank of Jordan regulations.
b- Credit extended to directors and their companies are made in accordance with the Bank's related parties credit policies and are reported to the Board of Directors for review.
c- Credit extended to directors and their companies are made at market rates and not on preferential terms.
d- Directors involved in any credit transactions do not participate in discussions, nor do they vote on it.
e- All Related Party Transactions are disclosed in the Bank's annual report as well as all interim financial statements.
f- The Bank's internal controls ensure that all Related Party Transactions are handled in accordance with the set policies.

Internal Controls

a- The Board ensures that the Bank maintains a high degree of integrity in its operations. Formal policies, including a Code of Conduct, and definitions and controls on conflicts of interest and insider dealing, have been established and are published to all employees.
b- The Bank has written policies covering all banking operations. Such policies are regularly reviewed to ensure that they conform to any changes in laws and regulations, the economic environment and other circumstances affecting the Bank.
c- The Bank as part of its lending and credit approval process assesses the quality of corporate governance in its corporate borrowers; especially public shareholding companies, and includes the strength or weakness of their corporate governance practice in the borrower's risk assessment.
d- Executive management is responsible for implementing the risk management strategies that have been approved by the Board, and for developing the policies and procedures for managing the various types of risk.
e- The structure and development of a coherent and comprehensive risk management department within the Bank is proposed by the executive management, reviewed by the Risk Management Committee, and approved by the Board.
f- The Bank adopted the "Whistle Blowing Policy", whereby employees can confidentially raise concerns about possible irregularities, and that allow for such concerns to be independently investigated and followed up.
g- The Bank's management is responsible for establishing and maintaining adequate internal control structure over financial reporting for the Bank.
h- The Bank's internal control structure is reviewed at least once a year by internal and external auditors.
i- The Bank requires the regular rotation of the external audit between audit firms. Should this no longer be practical, the Bank will at a minimum require the regular rotation of the principal partner in charge of the external audit.

Internal Audit

a- The Bank provides the Internal Audit department with staff adequately resourced, trained and remunerated.
b- The Internal Audit department has full access to the Bank's records and employees, and is given sufficient standing and authority within the Bank to adequately carry out its tasks. The functions, duties and responsibilities of the Internal Audit department are documented within the Internal Audit Charter, which is approved by the Board and published within the Bank.
c- The Internal Audit department reports primarily to the Chairman of the Audit Committee.
d- Internal Audit employees do not have any operational responsibilities. Internal Audit is responsible for proposing the structure and scope of the audit schedule, and any potential conflicts of interest are reported to the Audit Committee.
e- Internal Audit reports may by discussed with the departments and operational units being audited, but the Internal Audit department is allowed to operate and make a full and honest report without outside influence or interference.
f- The Internal Audit department reviews the Bank's financial reporting as well as compliance with internal policies, international standards, procedures and applicable laws and regulations.

Risk Management

a- Risk Management is the responsibility of all departments and operational units within the Bank.
b- The Risk Management department reports to the Risk Management Committee and on a day-to-day operational basis it reports to the General Manager.
c- The functions of the Risk Management department are assisted by a network of properly constituted, authorized and documented committees such as Assets and Liabilities Committee, Investment Committee and Credit Committee.

The responsibilities of the Risk Management department include:
a- Analyzing all risks including credit risk, market risk, liquidity risk and operational risk
b- Developing methodologies for measuring and controlling each risk
c- Recommending limits to Risk Management Committee and the approval, reporting and recording of exceptions to the risk policy
d- Providing the Board and the executive management with information on risk metrics and on the Bank risk profile.
e- Providing information about risks to be used in the Bank's published statements and reports.

Compliance

a- The Bank has an independent compliance function, which is adequately resourced, trained and remunerated.
b- The Compliance department establishes effective mechanisms to ensure that the Bank complies with all applicable laws and regulations. The Department's functions, duties and responsibilities are documented and published within the Bank.
c- The Compliance department is responsible for developing the compliance policy of the Bank and ensuring its implementation throughout the Bank. The Board is responsible for approving the compliance policy and overseeing its implementation.
d- The Compliance Department reports to the Risk Management Committee, with copies of its reports sent to the General Manager.

Relationship with Shareholders

a- The Bank takes active steps to encourage shareholders, in particular minority shareholders, to participate in the annual General Assembly, and also to vote either in person or in their absence by proxy.
b- The Bank's policy is that the Chairmen of all Board Committees should be present at the annual General Assembly.
c- Representatives from the external auditors attend the annual General Assembly to answer questions about the audit and their auditors' report; and the shareholders elect external auditors at the General Assembly.
d- Voting is done on each separate issue that is raised at the General Assembly.
e- Notes, minutes and a report of the proceedings of the annual General Assembly, including the results of voting, and the questions from shareholders and executive management's responses, are prepared and made available to shareholders after the annual General Assembly.

Transparency and Disclosures

a- The Bank disclosures are made in accordance with the International Financial Reporting Standards (IFRS), the regulations issued pursuant to the Banking Law and to other related legislations.
b- The Bank provides meaningful information on its activities to shareholders, depositors, financial market counterparties, regulators and the public in general. The Bank also discloses significant issues in accordance with Jordan Securities Commission regulations.
c- The Bank follows The Disclosure Regulation issued by Jordan Securities Commission and the regulation of the Central Bank of Jordan for information that should be disclosed in the Bank Annual Report.
d- The Bank's Annual Report includes information about the structure and operation of the Risk Management department, in addition to a detailed description of the Bank's risks and the methods for managing them.
e- The Annual Report includes a statement from the Board of Directors acknowledging their responsibility for the preparation of the financial statements and the contents of the Annual Report, and their accuracy and completeness noting that the Bank maintains an effective internal control structure.
f- The Bank prepares quarterly reports that include quarterly financial statement, as well as preparing analysis of the Bank's results of operations, which allows investors to understand current and future operating results and the financial condition of the Bank.
g- The Head of Finance Department is handling the function of investor relations through providing comprehensive, objective and up-to-date information on the Bank, its financial condition and performance and its activities.
h- The Bank discloses in its Annual Report its Corporate Governance Code and details of its compliance.
i- The Bank discloses in its Annual Report a summary organization chart.
j- The Bank discloses in its Annual Report summaries of the duties and responsibilities of Board Committees including the members of these committees.
k- The Bank discloses in its Annual Report a summary of the remuneration policy, including the amounts paid to the members of the executive management.

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

- The Board does not conduct self-assessment
- Having an approved succession plan for executive management
- Having an approved remuneration and bonus policy

Corporate Governance Code issued by Jordan Securities Commission

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

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

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

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

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

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

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

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

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

Consolidated Financial Statement

Madrasati Initiative

Qurayqirah Elementary School - Aqaba

Raymon Elementary School - Jerash

Abu Bakr Al-Seddiq - Mafraq

ERNST & YOUNG

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

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

We have audited the accompanying financial statements of CAIRO AMMAN BANK (a public shareholding company) and its subsidiaries ("the Bank"), which comprise the consolidated statement of financial position as at 31 December 2010 and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as of 31 December 2010 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on the legal and regulatory requirements

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

The accompanying financial statements are a translation of the statutory financial statements which are in the Arabic language to which reference should be made.

Amman – Jordan
6 February 2011

Ernst + Young

Cairo Amman Bank
Consolidated Statement of the Financial Position
As at 31 December 2011
(In Jordanian Dinars)

	Notes	2011	2010
Assets			
Cash and balances with Central Banks	4	131,887,099	202,432,941
Balances at banks and financial institutions	5	287,130,970	187,368,937
Deposits at banks and financial institutions	6	3,500,000	124,174,750
Financial assets at fair value through profit or loss	7	24,640,456	-
Financial assets at fair value through other comprehensive income	8	25,910,213	-
Financial assets held for trading	9	-	1,329,095
Direct credit facilities	10	947,589,993	823,104,605
Financial assets available for sale	11	-	91,048,917
Financial assets at amortized cost	12	440,338,326	-
Financial assets held to maturity	13	-	328,191,825
Property and equipment	14	36,455,613	37,535,656
Intangible assets	15	6,213,805	4,234,304
Other assets	16	36,696,786	44,024,150
Total Assets		1,940,363,261	1,843,445,180
Liabilities and Equity			
Liabilities			
Banks and financial institutions' deposits	17	170,128,471	131,939,779
Customers' deposits	18	1,375,134,365	1,335,849,372
Margin accounts	19	47,423,112	44,541,636
Loans and borrowings	20	62,224,224	59,524,224
Sundry provisions	21	11,803,397	9,373,388
Income tax liabilities	22	22,621,983	21,913,042
Deferred tax liabilities	22	2,270,355	3,818,965
Other liabilities	23	25,187,001	30,558,513
Total Liabilities		1,716,792,908	1,637,518,919
Equity			
Paid in capital	24	100,000,000	100,000,000
Statutory reserve	25	37,749,106	33,054,599
Voluntary reserve	25	1,321,613	1,321,613
General Banking Risk Reserve		10,150,000	8,883,860
Pro-cyclicality reserve		2,318,759	1,040,187
Cumulative changes in fair value (net)	26	-	24,903,151
Fair value reserve (net)	27	3,850,718	-
Retained earnings	28	68,180,157	36,722,851
Total Equity		223,570,353	205,926,261
Total Liabilities and Equity		1,940,363,261	1,843,445,180

The accompanying notes from 1 to 56 are an integral part of these financial statements

Cairo Amman Bank
Consolidated Income Statement
For the Year Ended 31 December 2011
(In Jordanian Dinars)

	Notes	2011	2010
Interest income	30	111,438,690	105,838,068
Interest expense	31	30,669,937	30,584,608
Net interest income		80,768,753	75,253,460
Net commission income	32	19,283,958	19,497,704
Net interest and commission income		100,052,711	94,751,164
Other income			
Gain from foreign currencies	33	3,121,113	2,312,243
Gain from financial assets held for trading	34	-	49,687
Gain from financial assets available for sale	37	-	1,237,062
Gain from financial assets at fair value through profit or loss	35	5,843,275	-
Dividends from financial assets at fair value through other comprehensive income	36	870,151	-
Gain from financial assets at amortized cost		1,626,985	-
Other income	38	3,703,217	5,442,888
Gross Profit		115,217,452	103,793,044
Employees' expenses	39	31,887,317	28,477,479
Depreciation and amortization		7,519,801	6,972,890
Other expenses	40	18,634,554	17,517,382
Impairment loss on direct credit facilities	10	1,707,073	2,179,439
Impairment loss on financial assets at amortized cost		141,800	-
Sundry provisions	21	4,402,312	1,524,743
Total Expenses		64,292,857	56,671,933
Profit Before Tax		50,924,595	47,121,111
Income tax expense	22	14,328,181	12,372,275
Profit for the Year		36,596,414	34,748,836
		JD/Fils	JD/Fils
Basic and diluted earnings per share	41	0/366	0/347

The accompanying notes from 1 to 56 are an integral part of these financial statements

Cairo Amman Bank
Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2011
(In Jordanian Dinars)

	2011	2010
Profit for the year	36,596,414	34,748,836
Other comprehensive income, net of tax:		
Net movement in fair value reserve	(2,517,908)	-
Net movement in cumulative changes in fair value for available for sale investments	-	2,926,846
Gain from sale of financial assets at fair value through other comprehensive income	429,926	-
Total Comprehensive Income for the Year	34,508,432	37,675,682

The accompanying notes from 1 to 56 are an integral part of these financial statements

Cairo Amman Bank
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2011
(In Jordanian Dinars)

	Paid in Capital	RESERVES				Fair Value Reserve	Cumulative changes in fair values	Retained earnings	Total Equity
		Statutory	Voluntary	General Banking Risk	Pro-cyclicality				
	JD	JD	JD	JD	JD	JD	JD	JD	JD
2011 -									
Balance at 1 January 2011	100,000,000	33,054,599	1,321,613	8,883,860	1,040,187	-	24,903,151	36,722,851	205,926,261
Effect of implementation of IFRS 9	-	-	-	-	-	6,368,626	(24,903,151)	16,670,185	(1,864,340)
Restated Balance at 1 January 2011	100,000,000	33,054,599	1,321,613	8,883,860	1,040,187	6,368,626	-	53,393,036	204,061,921
Dividends paid	-	-	-	-	-	-	-	(15,000,000)	(15,000,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(429,926)	-	429,926	-
Total comprehensive income for the year	-	-	-	-	-	(2,087,982)	-	36,596,414	34,508,432
Transferred to reserves	-	4,694,507	-	1,266,140	1,278,572	-	-	(7,239,219)	-
Balance at 31 December 2011	100,000,000	37,749,106	1,321,613	10,150,000	2,318,759	3,850,718	-	68,180,157	223,570,353
2010 -									
Balance at 1 January 2010	88,000,000	27,532,671	1,321,613	7,767,932	-	-	21,976,305	30,452,058	177,050,579
Increase in capital	12,000,000	-	-	-	-	-	-	(12,000,000)	-
Dividends paid	-	-	-	-	-	-	-	(8,800,000)	(8,800,000)
Total comprehensive income for the year	-	-	-	-	-	-	2,926,846	34,748,836	37,675,682
Transferred to reserves	-	5,521,928	-	1,115,928	1,040,187	-	-	(7,678,043)	-
Balance at 31 December 2010	100,000,000	33,054,599	1,321,613	8,883,860	1,040,187	-	24,903,151	36,722,851	205,926,261

- The general banking risk reserve and the credit balance of fair value reserve is restricted from use without a prior approval from the Central Bank of Jordan.

- The unrealized gains included in retained earnings and resulting from the early implementation of IFRS 9 amounted to JD 14,859,280. This amount is not available from distribution.

The accompanying notes from 1 to 56 are an integral part of these financial statements

Cairo Amman Bank
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2011
(In Jordanian Dinars)

	Notes	2011	2010
Operating Activities			
Profit before income tax		50,924,595	47,121,111
Adjustments for -			
Depreciation and amortization		7,519,801	6,972,890
Impairment loss on direct credit facilities		1,707,073	2,179,439
Impairment loss on financial assets at amortized cost		141,800	-
Sundry provisions		4,402,312	1,524,743
Unrealized (gain) from trading financial assets		-	(40,917)
Gain from sale of financial assets available for sale		-	(56,526)
Unrealized (loss) from financial assets at fair value through profit or loss		205,806	-
Impairment losses on available for sale investments		-	1,035,437
Gain from sale of property and equipment		(89,299)	(4,962)
Impairment of repossessed properties		30,725	1,211
Gain from sale of repossessed properties		(167,626)	(1,158,678)
Effect of exchange rate changes on cash and cash equivalents		(2,652,483)	(1,962,904)
Operating profit before changes in operating assets and liabilities		62,022,704	55,610,844
Changes in assets and liabilities -			
Decrease (Increase) in deposits at banks and financial institutions maturing after more than three months		120,674,750	(43,650,100)
(Increase) in financial assets held for trading		-	(1,026,935)
Decrease in financial assets at fair value through profit or loss		208,614	-
Increase in direct credit facilities		(126,192,461)	(95,483,801)
Decrease (increase) in other assets		7,464,265	(10,942,687)
Increase (decrease) in banks and financial institution deposits maturing after more than three months		3,455,000	(8,914,000)
Increase in customers' deposits		39,284,993	71,752,740
Increase in margin accounts		2,881,476	5,096,497
Sundry provisions paid		(1,972,303)	(1,960,864)
Increase in other liabilities		(5,371,512)	5,609,287
Net cash (used in) from operating activities before income tax		102,455,526	(23,909,019)
Income tax paid		(14,401,383)	(8,901,761)
Net cash (used in) from operating activities		88,054,143	(32,810,780)
Investing Activities			
Purchase of financial assets available for sale		-	(17,360,316)
Proceeds from sale of financial assets available for sale		-	23,836,468
Purchase of financial assets held to maturity		-	(153,821,442)
Proceeds from maturity of financial assets held to maturity		-	131,120,720
Purchase of financial assets at fair value through OCI		(1,945,916)	-
Sale of financial assets at fair value through OCI		475,832	-
Purchase of financial assets at amortized cost		(111,108,490)	-
Sale of financial assets at amortized cost		36,984,407	-
Proceeds from sale of property and equipment		195,159	24,573
Purchase of property and equipment		(5,371,175)	(9,484,579)
Purchase of intangible assets		(3,153,944)	(1,222,442)
Net cash used in investing activities		(83,924,127)	(26,907,018)
Financing Activities			
Dividends paid		(15,000,000)	(8,800,000)
Payments on loans and borrowings		2,700,000	36,338,656
Payments from loans and borrowings		-	(15,000,000)
Net cash (used in) from financing activities		(12,300,000)	12,538,656
Effect of exchange rate changes on cash and cash equivalents		2,652,483	1,962,904
Net decrease in cash and cash equivalents		(5,517,501)	(45,216,238)
Cash and cash equivalents, beginning of the year		254,317,099	299,533,337
Cash and cash equivalents, end of the year	42	248,799,598	254,317,099

The accompanying notes from 1 to 56 are an integral part of these financial statements

Cairo Amman Bank
Notes to the Consolidated Financial Statements
31 December 2011
(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 72 branches in Jordan, 21 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 1/2012 on 12 February 2012. These financial statements require the General Assembly's approval.

(2) Significant Accounting Policies

Basis of preparation

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

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

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

Changes in accounting policies:

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

IFRS 9 Financial Instruments:
The Bank and its subsidiaries early adopted IFRS 9 in the preparation of the consolidated financial statements as of 1 January 2011 in accordance with the requirements of the Central Bank of Jordan, Jordan Securities Commission as well as the transitional provision of the standard. Accordingly, the Bank elected not to restate the comparative financial statement as permitted by the standard. Investments have been reclassified and opening balances of retained earnings and accumulated changes in fair value have been restated as of 1 January 2011.
The effect of the adoption of IFRS 9 is detailed in Note (54) to consolidated financial statements. The following is a summary of the categories of financial assets classification and measurement in accordance with IFRS 9:

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

d- It is not permitted to reclassify assets to or from this category except in certain circumstances determined in the International Financial Reporting Standards. If these assets are sold before maturity date, gain or loss from sale is recorded in a separate line item within the statement of comprehensive income.

B- Financial assets at fair value through profit or loss:

a- Financial assets which are purchased with the aim of resale in the near future in order to generate profit from the short-term market prices fluctuation or the trading profit margins.

b- Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the statement of income at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the income statement. Where these assets or portion of these assets are sold, the gain or loss arising are recorded in the income statement.

c- Dividend and interest income are recorded in the income statement.

C- Financial assets at fair value through other comprehensive income:

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

b- These financial instruments are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the statement of changes in equity. The gain or loss on disposal of the asset is reclassified from fair value through other comprehensive income reserve to retained earnings.

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

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

IAS 24 Related Party Disclosures (Amendment)

The standard clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application.

No impact resulted from applying the amended standard on the statement of financial position and income statement .

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

This amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

No impact resulted from applying the amended standard on the statement of financial position and income statement.

IFRIC (19) Extinguishing Financial Liabilities with Equity Instruments

The adoption of this interpretation did not have any impact on the financial position or performance of the Bank.

Summary of significant accounting policies:

Basis of consolidation

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

- Al-Watanieh for Financial Services Company – Jordan (established 1992): Owned 100% by the Bank, with a paid-up capital of JD 5,000,000 as of 31 December 2011. The company's main activity is investment brokerage.

- Al-Watanieh Securities Company – Palestine (established 1995): Owned 100% by the Bank, with a paid-up capital of JD 1,500,000 as of 31 December 2011. The company's main activity is investment brokerage.

- No consolidation has been made of the financial statements of Cairo Real Estate Company – LL-Jordan, of which the Bank owns 100% of the paid-up capital of JD 50,000 as of 31 December 2011, 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 (implemented before 1 January 2011)

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 recognized at the fair value of consideration given (transaction costs are recorded in the income statement) and subsequently re-measured at fair value. All realized and unrealized 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 recognized 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 (implemented before 1 January 2011)

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. Unrealized gains and losses are recognized directly in equity as 'Cumulative change in fair value reserve'. When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the income statement.
The losses arising from impairment of such investments are recognized 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 recognized in to the income statement.

Gains or losses on debt instruments (with interest) 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 and any impairment is recorded in the income statement when happened.

Financial assets available-for-sale that cannot be reliably measured at fair value are recorded at cost. Impairment on such assets is recognized in the income statement.

Financial assets held to maturity (implemented before 1 January 2011)

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 recognized 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 amortized cost using the effective interest method, less allowance for impairment. Amortized 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.

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 recognized in the income statement.

Impairment is determined as follows:

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

Impairment is recognized 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 recognized 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 is different from the previous one, the difference is recorded in the current and subsequent periods as a change in accounting estimate.

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

Provisions

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

Employees end of service indemnity

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

Income tax

Tax expense comprises current tax and deferred taxes.

Current tax is based on taxable profits, which may differ from accounting profits published in the income statement. Accounting profits may include non-taxable profits or non-deductible expenses which may be exempted in the current or subsequent financial years or accumulated losses that are acceptable as a tax deduction or items that are non-taxable or non-deductable for tax purposes.

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

Deferred tax is provided on temporary differences on 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 realized 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. Management have made a judgment that it is more appropriate not to record the deferred tax effect as an asset in the financial statements.

Fiduciary assets

Assets held in a fiduciary capacity are not recognized 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 recognized in the income statement.

Offsetting

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

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognized directly in equity, and is subsequently transferred to the 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 recognized directly in equity, while the ineffective portion of the gain or loss on the hedging instrument is recognized immediately in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognized 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 recognized 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 recognized 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 recognized as an interest expense over the agreement term using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the Bank's financial statements as assets since the Bank is not able to control these assets. The related payments are recognized as part of deposits at banks and financial institutions or direct credit facilities as applicable, and the difference between purchase and resale price is recognized in the 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 continue 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 recognized in the income statement.

Expenses are recognized on an accrual basis.

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

Trade date accounting

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

Assets seized by the Bank against non-performing loans

Assets seized 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 recognized as income. Reversal of previous impairment losses shall not result in a carrying value that exceeds the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Intangible assets

Intangible assets 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 capitalized 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 five years.

Foreign currencies

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

Monetary assets and liabilities in foreign currencies are translated into respective functional currencies at rates of exchange prevailing at the balance sheet date as issued by the 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 recognized 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:

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

(4) Cash and Balances with Central Banks

	2011	2010
	JD	JD
Cash on hand	41,037,801	46,913,899
Balances at Central Banks:		
Current and demand deposits	5,819,280	21,035,163
Time and notice deposits	12,444,500	64,008,203
Statutory cash reserve	72,585,518	70,475,676
	131,887,099	202,432,941

In addition to the statutory cash reserve held at Central Banks, restricted balances amounted to JD 7,090,000 as of 31 December 2011 (2010: JD 7,090,000).

(5) Balances at Banks and Financial Institutions

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2011	2010	2011	2010	2011	2010
	JD	JD	JD	JD	JD	JD
Current and demand deposits	2,321,079	2,462,794	21,736,535	21,001,828	24,057,614	23,464,622
Deposits maturing within 3 months	142,315,807	76,994,760	120,757,549	86,909,555	263,073,356	163,904,315
	144,636,886	79,457,554	142,494,084	107,911,383	287,130,970	187,368,937

Non-interest bearing balances at banks and financial institutions amounted to JD 21,194,536 as of 31 December 2011 (2010: JD 19,298,167).

There are no restricted balances as of 31 December 2011 and 2010.

(6) Deposits at Banks and Financial Institutions

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2011	2010	2011	2010	2011	2010
	JD	JD	JD	JD	JD	JD
Deposit maturing within						
More than 3 to 6 months	-	15,000,000	3,500,000	33,629,750	3,500,000	48,629,750
More than 6 to 9 months	-	35,000,000	-	-	-	35,000,000
More than 9 to 12 months	-	40,545,000	-	-	-	40,545,000
	-	90,545,000	3,500,000	33,629,750	3,500,000	124,174,750

There are no restricted balances as of 31 December 2011 and 2010.

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

	2011	2010
	JD	JD
Quoted Equities	22,928,930	-
Funds	1,711,526	-
Total	24,640,456	-

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

	2011	2010
	JD	JD
Quoted Investments		
Quoted equities	25,261,478	-
Total quoted investments	25,261,478	-
Unquoted Investments		
Quoted equities	648,735	-
Total unquoted investments	648,735	-
Total	25,910,213	-

(9) Financial Assets Held for Trading

	2011	2010
	JD	JD
Quoted equities	-	1,329,095

(10) Direct Credit Facilities

	2011	2010
	JD	JD
Consumer lending		
Overdrafts	7,286,517	7,653,350
Loans and bills*	487,882,144	412,360,653
Credit cards	10,337,775	10,280,900
Others	6,915,578	7,090,554
Residential mortgages	123,994,676	113,377,729
Corporate lending		
Overdrafts	61,519,982	55,536,855
Loans and bills*	150,276,944	161,440,694
Small and medium enterprises lending "SMEs"		
Overdrafts	19,823,858	19,391,650
Loans and bills*	30,630,027	27,171,110
Lending to governmental sectors	104,686,198	63,990,268
Total	1,003,353,699	878,293,763
Less: Suspended interest	(10,528,884)	(10,904,297)
Less: Allowance for impairment losses	(45,234,822)	(44,284,861)
Direct credit facilities, net	947,589,993	823,104,605

* Net of interest and commissions received in advance of JD 7,909,985 as of 31 December 2011 (2010: JD 10,643,097).

- At 31 December 2011, non-performing credit facilities amounted to JD 58,288,553 (2010: JD 46,257,486), representing 5.81% (2010: 5.27%) of gross facilities granted.

- At 31 December 2011, non-performing credit facilities, net of suspended interest, amounted to JD 47,956,902 (2010: JD 35,544,381), representing 4.83% (2010: 4.10%) of gross facilities granted after excluding the suspended interest.

- At 31 December 2011, credit facilities granted to the Government of Jordan amounted to JD 48,717,355 (2010: JD 13,643,045), representing 4,86% (2010: 1,55%) of gross facilities granted.

- At 31 December 2011, credit facilities granted to the public sector in Palestine amounted to JD 42,330,087 (2010: JD 43,482,310), representing 4.22% (2010: 4,95%) of gross facilities granted.

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

2011-	Consumer	Residential mortgages	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
At 1 January 2011	28,439,784	452,524	13,596,656	1,795,897	44,284,861
Charge (surplus) for the year	(5,366,194)	113,150	6,665,218	294,899	1,707,073
Amounts written off	(662,748)	-	-	(3,602)	(666,350)
Revaluation difference	(90,762)	-	-	-	(90,762)
At 31 December 2011	22,320,080	565,674	20,261,874	2,087,194	45,234,822
Specific impairment on individual loans	17,808,142	534,269	20,158,473	2,064,354	40,565,238
Watch list	184,826	31,405	103,401	22,840	342,472
Collective impairment	4,327,112	-	-	-	4,327,112
At 31 December 2011	22,320,080	565,674	20,261,874	2,087,194	45,234,822
2010-					
At 1 January 2010	28,664,724	453,965	11,742,314	1,788,413	42,649,416
Charge (surplus) for the year	319,054	(1,441)	1,854,342	7,484	2,179,439
Amounts written off	(425,657)	-	-	-	(425,657)
Revaluation difference	(118,337)	-	-	-	(118,337)
At 31 December 2010	28,439,784	452,524	13,596,656	1,795,897	44,284,861
Specific impairment on individual loans	16,475,686	430,833	13,339,916	1,768,884	32,015,319
Watch list	341,828	21,691	256,740	27,013	647,272
Collective impairment	11,622,270	-	-	-	11,622,270
At 31 December 2010	28,439,784	452,524	13,596,656	1,795,897	44,284,861

Allowance for impairment related to non-performing credit facilities that were settled or collected amounted to JD 4,660,046 during 31 December 2011 (2010: JD 4,819,544).

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

2011-	Consumer	Residential mortgages	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
At 1 January 2011	4,821,309	49,376	4,967,089	1,066,523	10,904,297
Add: Suspended interest during the year	317,538	-	110,710	116,213	544,461
Less: Amount transferred to income on recovery	(227,593)	(1,046)	(252,085)	(172,773)	(653,497)
Less: Amounts written off	(74,693)	-	(144,327)	(47,357)	(266,377)
At 31 December 2011	4,836,561	48,330	4,681,387	962,606	10,528,884
2010-					
At 1 January 2010	5,337,090	50,848	5,542,056	1,166,822	12,096,816
Add: Suspended interest during the year	356,245	15,685	1,362,156	88,586	1,822,672
Less: Amount transferred to income on recovery	(586,398)	(17,157)	(218,613)	(156,144)	(978,312)
Less: Amounts written off	(285,628)	-	(1,718,510)	(32,741)	(2,036,879)
At 31 December 2010	4,821,309	49,376	4,967,089	1,066,523	10,904,297

(11) Financial Assets Available for Sale

	2011	2010
	JD	JD
Quoted Investments		
Treasury bills	-	1,698,551
Corporate debt securities	-	24,759,528
Other debt securities	-	2,368,060
Funds	-	1,954,763
Equities	-	49,172,833
Total quoted investments	-	79,953,735
Unquoted Investments		
Corporate debt securities	-	10,623,300
Other debt securities	-	91,161
Equities	-	380,721
Total unquoted investments	-	11,095,182
Total financial assets available for sale	-	91,048,917
Analysis of debt instruments		
Fixed rate	-	21,192,219
Floating rate	-	18,348,381
Total	-	39,540,600

Included in equities are investments carried at cost with value of JD 380,721 as of 31 December 2010. The investments were stated at cost since the fair value could not be measured reliably.

(12) Financial Assets at Amortized Cost

	2011	2010
	JD	JD
Quoted Investments		
Treasury bills	1,745,491	-
Corporate debt securities	26,552,764	-
Total quoted investments	28,298,255	-
Unquoted Investments		-
Treasury bills	291,485,054	-
Government debt securities	81,737,869	
Corporate debt securities	38,915,621	
Other debt securities	43,327	-
Impairment losses	(141,800)	-
Total unquoted investments	412,040,071	-
Total financial assets at amortized cost	440,338,326	-
Analysis of debt instruments		
Fixed rate	427,070,101	-
Floating rate	13,268,225	-
Total	440,338,326	-

The movement on the impairment provision for the financial assets at amortized cost is as follows:

	2011
	JD
At January 2011	
Change for 2011	-
Decrease	141,800
	-
	141,800

(13) Financial Assets Held to Maturity

	2011	2010
	JD	JD
Unquoted Investments		
Treasury bills	-	256,838,152
Government debt securities	-	52,674,179
Corporate debt securities	-	18,679,494
	-	328,191,825
Analysis of debt instruments		
Fixed rate	-	328,191,825
Variable rate	-	-
Total	-	328,191,825

(14) Property and Equipment

2011	Land	Buildings	Furniture & Fixtures	Vehicles	Computers	Projects in Progress	Total
	JD	JD	JD	JD	JD	JD	JD
Cost:							
At 1 January 2011	1,274,880	13,349,796	31,244,587	1,393,531	20,497,480	4,424,427	72,184,701
Additions	-	-	3,093,928	37,000	1,588,548	651,699	5,371,175
Transferred	-	508,279	2,101,846	-	486,578	(3,096,703)	-
Disposals	-	-	(678,152)	(196,977)	(408,405)	-	(1,283,534)
At 31 December 2011	1,274,880	13,858,075	35,762,209	1,233,554	22,164,201	1,979,423	76,272,342
Accumulated depreciation:							
At 1 January 2011	-	2,283,332	17,650,528	915,114	13,800,071	-	34,649,045
Depreciation charge during the year	-	273,771	3,244,088	116,796	2,710,703	-	6,345,358
Disposals	-	-	(634,288)	(185,175)	(358,211)	-	(1,177,674)
At 31 December 2011	-	2,557,103	20,260,328	846,735	16,152,563	-	39,816,729
Net book value at 31 December 2011	1,274,880	11,300,972	15,501,881	386,819	6,011,638	1,979,423	36,455,613
2010-							
Cost:							
At 1 January 2010	1,274,880	13,349,796	28,044,318	1,113,448	18,218,579	1,476,994	63,478,015
Additions	-	-	2,989,998	280,083	2,128,733	4,085,765	9,484,579
Transferred	-	-	850,303	-	288,029	(1,138,332)	-
Disposals	-	-	(640,032)	-	(137,861)	-	(777,893)
At 31 December 2010	1,274,880	13,349,796	31,244,587	1,393,531	20,497,480	4,424,427	72,184,701
Accumulated depreciation:							
At 1 January 2010	-	2,016,336	15,450,499	806,129	11,376,906	-	29,649,870
Depreciation charge during the year	-	266,996	2,822,318	108,985	2,559,158	-	5,757,457
Disposals	-	-	(622,289)	-	(135,993)	-	(758,282)
At 31 December 2010	-	2,283,332	17,650,528	915,114	13,800,071	-	34,649,045
Net book value at 31 December 2010	1,274,880	11,066,464	13,594,059	478,417	6,697,409	4,424,427	37,535,656

Fully depreciated property and equipment amounted to JD 23,732,286 as of 31 December 2011 (2010: JD 19,593,998).

The estimated cost to complete the purchase of assets and projects under construction amounts to JD 1,951,911 as of 31 December 2011 (2010: JD 2,770,981).

(15) Intangible Assets

	Computer software	
	2011	2010
	JD	JD
Cost:		
At 1 January	4,234,304	4,227,295
Additions	3,153,944	1,222,442
Amortization during the year	(1,174,443)	(1,215,433)
	6,213,805	4,234,304

(16) Other Assets

	2011	2010
	JD	JD
Accrued interest and revenue	9,623,611	8,149,597
Prepaid expenses	5,088,302	5,779,766
Assets obtained by the Bank by calling on collateral	11,040,584	10,982,216
Accounts receivable - net	713,529	691,112
Clearing checks	7,444,350	15,648,464
Trading settlement account	25,000	25,000
Refundable deposits	197,509	95,657
Deposit at Visa International	1,042,230	1,042,230
Temporary expenses	-	3,600
Others	1,521,671	1,606,508
	36,696,786	44,024,150

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

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

	2011	2010
	JD	JD
At 1 January	10,982,216	12,721,857
Additions	585,418	179,191
Retirements	(496,325)	(1,917,621)
Impairment loss	(30,725)	(1,211)
At 31 December	11,040,584	10,982,216

(17) Banks and Financial Institutions Deposits

	2011			2010		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and demand deposits	1,266,430	8,272,693	9,539,123	1,578,412	2,974,950	4,553,362
Time deposits	93,037,190	67,552,158	160,589,348	41,851,000	85,535,417	127,386,417
At 31 December	94,303,620	75,824,851	170,128,471	43,429,412	88,510,367	131,939,779

(18) Customers' Deposits

2011-	Consumer	Corporate	SMEs	Governmental sectors	Total
	JD	JD	JD	JD	JD
Current and demand deposits	222,045,253	141,680,200	33,879,881	41,867,630	439,472,964
Saving accounts	291,839,758	567,080	1,909,960	1,563	294,318,361
Time and notice deposits	221,681,356	276,639,977	15,351,218	127,670,489	641,343,040
Total	735,566,367	418,887,257	51,141,059	169,539,682	1,375,134,365
2010-					
Current and demand deposits	218,611,621	152,283,709	32,895,649	42,929,378	446,720,357
Saving accounts	269,632,239	6,721,220	2,256,194	5,866	278,615,519
Time and notice deposits	242,122,041	206,820,976	18,678,676	142,891,803	610,513,496
Total	730,365,901	365,825,905	53,830,519	185,827,047	1,335,849,372

- Governmental institutions' deposits amounted to JD 161,714,335 as of 31 December 2011 (2010: JD 155,633,588) representing 11.76% (2010: 11.65%) of total customers' deposits.
- Non-interest bearing deposits amounted to JD 529,779,047 as of 31 December 2011 (2010: 488,990,810) representing 38.53% (2010: 36.61%) of total deposits..
- Dormant accounts amounted to JD 20,954,967 as of 31 December 2011 (2010: 16,965,860).
- Restricted deposits amounted to JD 51,906,816 as of 31 December 2011(2010: Nil).

(19) Margin Accounts

	2011	2010
	JD	JD
Margins on direct credit facilities	24,723,454	27,945,592
Margins on indirect credit facilities	14,015,213	10,305,171
Deposits against cash margin dealings' facilities	5,419,322	5,090,298
Others	3,265,123	1,200,575
	47,423,112	44,541,636

(20) Loans and Borrowings

31 December 2011	Amount	Total no. of payments	Outstanding payments	Payable every	Collaterals	Interest rate
	JD	JD	JD	JD	JD	%
Amounts borrowed from local institution*	23,000,000	3	3	At maturity	None	5.3 – 8.6 %
Amounts borrowed from international institution**	35,450,000	1	1	At maturity	None	4.145–4.895%
Amounts borrowed from Central Bank of Jordan	2,700,000	1	1	At maturity	None	4.25%
Amounts borrowed from foreign institution***	1,074,224			Monthly	None	5.5%
Total	62,224,224					
31 December 2010						
Amounts borrowed from local institution*	23,000,000	3	3	At maturity	None	5.3 – 8.6 %
Amounts borrowed from international institution**	35,450,000	1	1	At maturity	None	4.845–4.895%
Amounts borrowed from foreign institution***	1,074,224			Monthly	None	5.5 %
Total	59,524,224					

*Represents fixed interest loans borrowed from Jordan Mortgage Refinancing Company and is due on the maturity date of each loan (2012-2013).

- The borrowed funds were re-lent as residential mortgages at an average rate of 8%.

- The total re-lend funds amounted to JD 36,533,015.

**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.

(21) Sundry Provisions

2011	Balance at January 1	Provided during the period	Utilised during the year	Balance at December 31
	JD	JD	JD	JD
Provision for lawsuits against the bank	2,713,562	2,806,064	(125,248)	5,394,378
Provision for end of service indemnity	6,596,783	1,596,248	(1,847,055)	6,345,976
Other contingent liabilities	63,043	-	-	63,043
Total	9,373,388	4,402,312	(1,972,303)	11,803,397
2010-				
Provision for lawsuits against the Bank	2,830,188	-	(116,626)	2,713,562
Provision for end of service indemnity	6,916,278	1,524,743	(1,844,238)	6,596,783
Other contingent liabilities	63,043	-	-	63,043
Total	9,809,509	1,524,743	(1,960,864)	9,373,388

(22) Income Tax

Income tax liabilities

The movements on the income tax liability were as follows:

	2011	2010
	JD	JD
At January 1	21,913,042	18,442,528
Income tax paid	(14,401,383)	(8,901,761)
Income tax payable	15,110,324	12,372,275
At December 31	22,621,983	21,913,042

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

	2011	2010
	JD	JD
Provision for income tax for the year	15,110,324	12,372,275
Amortization of deferred tax liabilities	(782,143)	-
Income tax charge for the year	14,328,181	12,372,275

The statutory tax rate on banks in Jordan is 30% and the statutory tax rate on foreign branches and subsidiaries range between 15%-30%.

The Bank reached a final settlement with the Income and Sales Tax Department for the year ended 31 December 2010.

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

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

Al-Watanieh Securities Company – Palestine reached a final settlement with the Income Tax Department for the year 2009. The Income Tax Department did not review 2010 accounts.

The Income Tax Department has not reviewed the accounts of Cairo Real Estate Investments Company for the years from 1997 to 2010.

In the opinion of the Bank's management, income tax provisions as of 31 December 2011 are sufficient.

Deferred Tax Liabilities

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

	2011					2010
	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 – financial assets OCI	28,722,116	25,319,814	819,562	4,221,864	371,146	3,818,965
Unrealized profit transferred to retained earnings	-	-	6,330,695	6,330,695	1,899,209	-
	28,722,116	25,319,814	7,150,257	10,552,559	2,270,355	3,818,965

Included in deferred tax liabilities an amount of JD 371,146 (2010: JD 3,818,965) resulting from gains from the revaluation of financial assets at fair value through other comprehensive income which are included in the fair value reserve in equity. Also, deferred tax liabilities include an amount of JD 1,899,209 which represents unrealized gains transferred to retained earnings resulted from the early implementation of IFRS 9.

The movement on deferred tax liabilities account is as follows:

	2011	2010
	JD	JD
At 1 January	3,818,965	7,877,838
Additions	2,142,764	529,407
Released	(3,691,374)	(4,588,280)
At 31 December	2,270,355	3,818,965

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

	2011	2010
	JD	JD
Accounting profit	50,924,595	47,121,111
Non-taxable profit	(12,823,364)	(5,082,297)
Non-deductible expenses	9,348,698	1,119,174
Taxable profit	47,449,929	43,157,988
Effective rate of income tax	28,14%	26,26 %

(23) Other Liabilities

	2011	2010
	JD	JD
Accrued interest expense	2,301,745	1,990,170
Accounts payable	2,880,611	4,064,878
Accrued expenses	5,184,193	4,522,434
Temporary deposits	6,750,662	8,382,702
Checks and withdrawals	6,424,887	10,004,289
Settlement guarantee fund	15,242	173,312
Others	1,629,661	1,420,728
	25,187,001	30,558,513

(24) Paid in Capital

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

(25) Reserves

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

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

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

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

The use of the following reserves is restricted law:

Description	Amount	Restriction Law
Statutory Reserve	37,749,106	Banks and companies Law
General Banking Risk Reserve	10,150,000	Central Bank of Jordan regulations
Pro-cyclicality Reserve	2,318,759	Palestine Monetary Authority regulations

(26) Cumulative Change in Fair Value

	2010			
	Financial assets available for sale			
	Stocks	Funds	Bonds	Total
	JD	JD	JD	JD
Balance at 1 January	21,916,512	172,723	(112,930)	21,976,305
Net unrealized gains (losses)	(3,147,393)	39,314	997,141	(2,110,938)
Deferred tax liabilities	4,058,873	-	-	4,058,873
(Profit) loss transferred to income statement	(91,558)	-	35,032	(56,526)
Impairment loss transferred to income statement	90,340	-	945,097	1,035,437
Balance at 31 December	22,826,774	212,037	1,864,340	24,903,151

The cumulative change in fair value is presented net of deferred tax liabilities of JD 3,818,965 as of 31 December 2010.

(27) Fair Value Reserve

The movement is as follows:

	2011	2010
	JD	JD
Beginning balance	-	-
Effect of implementation IFRS9	6,368,626	-
Unrealized loss	(2,913,206)	
Gain from sale financial assets at fair value through other	(429,926)	-
Deferred tax liability	825,224	-
Ending balance	3,850,718	-

The fair value reserve is presented net of deferred tax liabilities of JD 371,146 as of 31 December 2011.

(28) Retained Earnings

	2011	2010
	JD	JD
Balance at 1 January	36,722,851	30,452,058
Effect of implementation IFRS 9	16,670,185	-
Profit for the year	36,596,414	34,748,836
Transferred to statutory reserve	(4,694,507)	(5,521,928)
Transferred to general banking risk reserve	(1,266,140)	(1,115,928)
Transferred to pro-cyclicality reserve	(1,278,572)	(1,040,187)
Increase in capital	-	(12,000,000)
Cash dividends	(15,000,000)	(8,800,000)
Net gain from sale of financial assets at fair value through other comprehensive income	429,926	-
	68,180,157	36,722,851

Retained earnings balance include unrealized gains amounting to JD 14,859,280 resulted from the early implementation of IFRS 9. This amount is not available for distribution in accordance with the Jordan Securities Commission instructions.

(29) Proposed Dividends

The Board of Directors proposed of the distribution of dividends to its shareholders of JD 17,000,000 (2010: JD 15,000,000), equivalent to 17% (2010: 15%) of paid in capital.

(30) Interest Income

	2011	2010
	JD	JD
Consumer lending		
Overdrafts	510,992	579,914
Loans and bills	49,798,719	42,542,392
Credit cards	2,495,032	2,364,925
Others	331,603	399,274
Residential mortgages	8,672,957	8,520,420
Corporate lending		
Overdrafts	4,031,097	4,016,988
Loans and bills	8,643,065	8,927,499
Small and medium enterprises lending		
Overdrafts	1,062,829	982,192
Loans and bills	2,149,080	1,967,723
Public and governmental sectors	5,245,662	5,411,338
Balances at Central Banks	227,636	771,130
Balances at banks and financial institutions	7,398,382	5,885,623
Financial assets at amortized cost	20,868,471	-
Financial assets at fair value through other comprehensive income	3,165	-
Financial assets available for sale	-	1,713,618
Financial assets held to maturity	-	21,755,032
Total	111,438,690	105,838,068

(31) Interest Expense

	2011	2010
	JD	JD
Banks and financial institution deposits	1,512,509	1,933,045
Customers' deposits:		
Current accounts and deposits	3,524,900	3,343,373
Saving accounts	2,132,587	2,431,523
Time and notice placements	17,635,576	17,142,830
Margin accounts	773,937	310,656
Loans and borrowings	3,256,628	3,745,811
Deposit guarantee fees	1,833,800	1,677,370
	30,669,937	30,584,608

(32) Net Commission

	2011	2010
	JD	JD
Commission income:		
Direct credit facilities	7,304,759	7,706,053
Indirect credit facilities	1,773,901	1,884,487
Other commission	10,248,858	9,931,363
Less: commission expense	(43,560)	(24,199)
	19,283,958	19,497,704

(33) Gain from Foreign Currencies

	2011	2010
	JD	JD
Resulting from:		
Trading in foreign currencies	468,630	349,339
Revaluation of foreign currencies	2,652,483	1,962,904
	3,121,113	2,312,243

(34) Gain from Financial Assets Held for Trading

	Realized (loss)	Unrealized gain	Cash dividends	Total
2011				
Equities	-	-	-	-
2010				
Equities	(2,909)	40,917	11,679	49,687

(35) Net Gain from Financial Assets at Fair Value Through Profit or Loss

	Realized gain (loss)	Unrealized gain (loss)	Cash dividends	Total
2011				
Equities	4,264,103	37,431	1,784,978	6,086,512
Funds	-	(243,237)	-	(243,237)
	4,264,103	(205,806)	1,784,978	5,843,275
2010				
Equities	-	-	-	-
Funds	-	-	-	-
	-	-	-	-

(36) Dividends from Financial Assets at Fair Value Through Other Comprehensive Income

	2011	2010
	JD	JD
Dividend income	870,151	-
	870,151	-

(37) Gain from Financial Assets Available for Sale

	2011	2010
	JD	JD
Dividend income	-	2,215,973
Gain from sale of financial assets available-for-sale	-	56,526
Less: impairment losses on AFS investments	-	(1,035,437)
	-	1,237,062

(38) Other Income

	2011	2010
	JD	JD
Suspended interest transferred to revenue	653,497	978,312
Safety deposit box rental income	62,342	53,444
Revenues from selling check books	83,843	84,668
Collections of debts previously written off	935,859	561,792
Credit cards income	1,078,998	1,280,192
Gain from sale of property and equipment	89,299	4,962
Gain from sale of assets repossessed by the Bank	167,626	1,158,678
Rent revenue	7,359	10,681
Brokerage commission	507,594	1,100,325
Commission on investment products	-	70,826
Others	116,800	139,008
	3,703,217	5,442,888

(39) Employees' Expenses

	2011	2010
	JD	JD
Salaries and benefits	26,395,850	23,600,396
Bank's contribution to social security	1,726,113	1,490,023
Bank's contribution to savings fund	417,790	328,361
End of service indemnity	401,833	451,347
Medical expenses	1,393,751	1,313,999
Training and research	244,177	215,473
Employee's clothes	283,820	157,601
Others	1,023,983	920,279
	31,887,317	28,477,479

(40) Other Expenses

	2011	2010
	JD	JD
Rent	2,856,369	2,458,492
Cleaning and maintenance	1,128,328	1,020,573
Water, heat and electricity	1,081,358	991,470
License and governmental fees	747,273	941,650
Printings and stationery	664,338	569,155
Donations	435,206	421,140
Insurance fees and expenses	603,802	502,920
Subscriptions	482,263	455,279
Telephone and telex	627,565	617,227
Legal fees	360,176	229,686
Professional fees	782,573	728,305
Money transfer expenses	283,964	344,983
Advertising expenses	2,651,201	2,536,644
Credit cards expenses	397,203	347,135
Board of directors expenses	186,904	184,210
Information system expenses	3,853,628	3,308,210
Travel and transportation	661,169	647,433
Jordanian universities fees	-	449,990
Scientific research and vocational training fees	242,101	146,335
Other expenses	589,133	616,545
	18,634,554	17,517,382

(41) Earnings Per Share

	2011	2010
	JD	JD
Profit for the year	36,596,414	34,748,836
Weighted average number of shares	100,000,000	100,000,000
Basic and diluted earnings per share (JD/Fils)	0/366	0/347

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.

Below is a comparison for earnings per share between IFRS 9 and IAS 39, had IFRS 9 not been implemented:

	IFRS 9	IAS 39
Profit for the year	36,596,414	39,092,103
Weighted average number of shares	100,000,000	100,000,000
Basic and diluted earnings per share (JD/Fils)	0/366	0/391

(42) Cash and Cash Equivalents

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

	2011	2010
	JD	JD
Cash and balances with Central Banks	131,887,099	202,432,941
Less: Banks and financial institutions' deposits maturing within 3 months	287,130,970	187,368,937
Certificate of deposits maturing after 3 months restricted cash balances	(163,128,471)	(128,394,779)
Cash and cash equivalents	(7,090,000)	(7,090,000)
	248,799,598	254,317,099

(43) 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.

2011	Positive fair value	Negative fair value	Total notional amount	Within 3 months	Par value maturity		
					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	-	47,263	1,418,000	-	709,000	709,000	-
2010							
Derivatives held as fair value hedges:							
- Interest rate swap	-	109,582	109,582	-	709,000	709,000	709,000

The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

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

(44) Related Party Transactions

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

Company name	Ownership	Paid in capital	
		2011	2010
		JD	JD
Al-Watanieh Financial Services Company	100 %	5,000,000	5,000,000
Al-Watanieh Securities Company	100 %	1,500,000	1,500,000

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

The following related party transactions took place during the year:

	Board of Directors	Executive management	Others*	Total 2011	Total 2010
	JD	JD	JD	JD	JD
Balance sheet items:					
Direct credit facilities	12,615,657	2,419,668	15,297,662	30,332,987	19,964,329
Deposits at the Bank	1,711,025	2,943,893	6,148,817	10,803,735	39,268,710
Margin accounts	822,320	-	98,372	920,692	691,131
Off balance items:					
Indirect credit facilities	2,090,878	-	390,803	2,481,681	2,195,819
Income statements items:					
Interest and commission income	323,169	97,119	171,452	591,740	1,183,077
Interest and commission expense	108,028	114,725	88,827	311,580	354,480

Debit interest rates on credit facilities in Jordanian Dinar range between 4% - 8.85%
Debit interest rates on credit facilities in foreign currency range between 1.98% - 7%
Credit interest rates on deposits in Jordanian Dinar range between 0% - 4.75%
Credit interest rates on deposits in foreign currency range between 0% - 1.25%

Inter-company balances and transactions are eliminated on consolidation.

Compensation of the key management personnel is as follows:

	2011	2010
	JD	JD
Benefits (Salaries, wages, and bonuses) of senior management	2,564,745	2,229,409

(45) 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.

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 2011 and 2010.

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.

2011-	First Level	Second Level	Third Level	Total
	JD	JD	JD	JD
Financial assets at fair value through profit or loss	24,640,456	-	-	24,640,456
Financial assets at fair value through other comprehensive income	24,006,303	1,255,175	-	25,261,478
2010-				
Financial assets held for trading	1,329,095	-	-	1,329,095
Financial assets available for sale	65,307,843	14,645,892	-	79,953,735

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

As explained in note (8) to the financial statements, financial assets at fair value through other comprehensive income included unquoted equities amounting to JD 648,735 as of 31 December 2011.

There are no material differences between the carrying values and fair values of the financial assets and financial liabilities as of 31 December 2011 and 2010.

(47) Risk Management

The Bank manages its risks through a comprehensive strategy for risk management by which the roles and responsibilities of all parties concerned are identified. These include the Board of Directors and subcommittees such as the Risk Committee, the Investment Committee and Audit Committee, in addition to the executive management and its subcommittees, such as Assets and Liabilities Committee, Procedures Development Committee, Credit Committees and other specialized Departments such as the Risk Management Department and the Audit Department. Furthermore, all of the Bank's business units are considered responsible for identifying the risks associated within their banking operations and committed to applying the appropriate controls and monitoring their effectiveness and maintaining integrity within the internal control system.

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

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

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

The Bank's set of principles include the following:

1 - The Board of Directors' responsibility for risk management. The Risk Committee of the Board of Directors does a periodic review of policies, strategies and risk management procedures of the Bank, including setting acceptable risk limits.
2 - The responsibility of the Board of Directors, represented by the Risk Committee in the development of the internal assessment of capital and analysis of current and future requirements for capital and as appropriate with the structure of the Bank's risk and strategic goals and taking action on particular in addition to its responsibility in ensuring a good system to evaluate the types of risks faced by the Bank and the development of the system to link these risks with the level of capital required to cover.
3 - The responsibility of the Board of Directors to approve the policies developed by the executive management.
4 - The Risk Management Department, which is independent of other bank's operations, reports to the Risk Committee on risk issues. For daily operations it is linked with the General Manager, and analyses all the risks including credit, market, liquidity and operational risk in addition to the development of measurement methodologies and controls for each type of risk as needed.
5 - Internal Audit Department provides independent confirmation of the compliance of the working units with the policies and procedures set to manage risks and their efficiency.
6 - Managing risk is considered the responsibility of each unit and every employee of the Bank in relation to those risks, which are within their functions.

Credit Risks

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

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

Customer Rating:
Customer credit risk rating is performed internally; customers are rated according to their credit-worthiness 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:

	2011	2010
	JD	JD
Statement of financial position		
Cash and balances at Central Banks	90,849,298	155,519,042
Balances at banks and financial institutions	287,130,970	187,368,937
Deposits at banks and financial institutions	3,500,000	124,174,750
Direct credit facilities:		
Consumer lending	485,265,373	404,124,364
Residential mortgages	123,380,672	112,875,829
Corporate lending:		
Large corporations	186,853,665	198,413,804
Small and medium enterprises	47,404,085	43,700,340
Lending to governmental sectors	104,686,198	63,990,268
Bonds and treasury bills:		
Within financial assets available for sale	-	39,540,600
Within financial assets amortized cost	440,338,326	-
Within financial assets held to maturity	-	328,191,825
Other assets	18,848,720	25,556,403
Total	1,788,257,307	1,683,456,162
Contingent liabilities		
Letters of guarantee	51,407,174	40,229,532
Letters of credit	55,382,633	30,994,924
Acceptances	4,282,350	1,870,499
Irrevocable commitments to extend credit	79,575,208	75,047,592
Total	190,647,365	148,142,547
	1,978,904,672	1,831,598,709

Types of collaterals against loans and credit facilities are as follows:

- Real estate properties
- Financial instruments (equities and bonds)
- Bank guarantees
- Cash collateral
- Government guarantees

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

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

	Consumer	Residential Mortgages	Corporate	SMEs	Government sectors	Financial Institutions	Total
	JD	JD	JD	JD	JD	JD	JD
2011							
Low risk	3,166,673	225,242	4,348,993	3,670,148	512,583,609	-	523,994,665
Acceptable risk	485,867,263	120,021,453	206,200,360	38,739,575	65,344,056	331,693,739	1,247,866,446
Maturing:**							
Up to 30 days	159,164	143,239	1,095,000	173,007	-	-	1,570,410
From 31 to 60 days	152,286	11,798	-	730	-	-	164,814
Watch list	4,369,792	2,093,657	6,192,982	1,214,918	-	-	13,871,349
Non performing:							
Substandard	2,140,797	227,436	-	639,181	-	-	3,007,414
Doubtful	2,086,455	435,001	9,685,721	493,983	-	-	12,701,160
Loss	17,495,402	1,336,583	16,278,323	7,469,671	-	-	42,579,979
Total	515,126,382	124,339,372	242,706,379	52,227,476	577,927,665	331,693,739	1,844,021,013
Less: Suspended interest	4,836,561	48,330	4,681,387	962,606	-	-	10,528,884
Less: provision for impairment losses	22,320,080	565,674	20,261,874	2,087,194	-	-	45,234,822
Net	487,969,741	123,725,368	217,763,118	49,177,676	577,927,665	331,693,739	1,788,257,307
2010							
Low risk	1,438,930	448,506	7,980,811	6,636,980	409,831,292	-	426,336,519
Acceptable risk	413,425,594	109,694,276	187,368,089	34,880,127	130,445,501	363,376,532	1,239,190,119
Maturing:							
Up to 30 days	57,630	39,422	1,774	94,557	-	-	193,383
From 31 to 60 days	270,945	140,486	584,636	117,826	-	-	1,113,893
Watch list	7,266,449	1,446,041	17,116,038	1,032,668	-	-	26,861,196
Non performing:							
Substandard	1,183,482	341,827	-	366,746	-	-	1,892,055
Doubtful	2,376,761	620,201	115,878	850,646	-	-	3,963,486
Loss	14,656,426	988,537	18,462,480	6,294,502	-	-	40,401,945
Total	440,347,642	113,539,388	231,043,296	50,061,669	540,276,793	363,376,532	1,738,645,320
Less: Suspended interest	4,821,309	49,376	4,967,089	1,066,523	-	-	10,904,297
Less: provision for impairment losses	28,439,784	452,524	13,596,656	1,795,897	-	-	44,284,861
Net	407,086,549	113,037,488	212,479,551	47,199,249	540,276,793	363,376,532	1,683,456,162

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

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

2011-	Consumer	Residential mortgages	Corporate	SMEs	Governmental sectors	Total
	JD	JD	JD	JD	JD	JD
Collaterals						
Low risk	3,124,513	67,386	4,346,369	3,556,962	7,820,676	18,915,906
Acceptable risk	22,940,796	123,380,672	31,308,054	36,332,702	-	213,962,224
Watch list	379,997	2,093,657	5,345,149	417,866	-	8,236,669
Non performing:						
Substandard	106,876	227,436	-	468,685	-	802,997
Doubtful	-	435,001	4,243,938	493,982	-	5,172,921
Loss	2,702,818	1,317,906	4,521,454	2,386,015	-	10,928,193
Total	29,255,000	127,522,058	49,764,964	43,656,212	7,820,676	258,018,910
Comprising of:						
Cash margin	3,166,673	225,242	4,348,993	3,670,148	7,820,676	19,231,732
Letters of guarantee	-	-	70,900	-	-	70,900
Real estate	13,183,226	127,296,816	35,647,024	36,600,180	-	212,727,246
Traded equities	7,206,370	-	6,833,233	1,844,300	-	15,883,903
Vehicles and machinery	5,698,731	-	2,864,814	1,541,584	-	10,105,129
Total	29,255,000	127,522,058	49,764,964	43,656,212	7,820,676	258,018,910
2010-						
Collaterals						
Low risk	2,782,835	335,693	8,956,360	4,300,478	10,480,580	26,855,946
Acceptable risk	20,483,270	110,905,327	28,681,691	33,607,451	-	193,677,739
Watch list	350,357	1,446,041	13,075,293	812,668	-	15,684,359
Non performing:						
Substandard	-	340,998	-	365,964	-	706,962
Doubtful	-	606,275	115,878	848,079	-	1,570,232
Loss	2,731,664	962,220	5,433,845	1,051,230	-	10,178,959
Total	26,348,126	114,596,554	56,263,067	40,985,870	10,480,580	248,674,197
Comprising of:						
Cash margin	2,795,355	448,506	8,956,360	4,305,006	10,480,580	26,985,807
Letters of guarantee	-	-	-	372,453	-	372,453
Real estate	11,099,149	114,148,048	39,101,372	33,443,519	-	197,792,088
Traded equities	7,823,743	-	5,814,772	1,627,299	-	15,265,814
Vehicles and machinery	4,629,879	-	2,390,563	1,237,593	-	8,258,035
Total	26,348,126	114,596,554	56,263,067	40,985,870	10,480,580	248,674,197

Rescheduled Debts

Rescheduled debts are debts that 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 4,189,239 as of 31 December 2011, compared to JD 12,949,800 as of 31 December 2010.

The balance of the debt rescheduling where scheduled are still classified under watch list or converted to performing.

Restructured Debts

Restructuring process refers to reorganizing the credit facilities' standing with 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 6,042,263 as of 31 December 2011, compared to JD 2,018,577 as of 31 December, 2010.

3) Bonds and Treasury Bills:

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

Risk Rating Class	External rating agency	Included in financial assets at amortized cost
		JD
AA	S&P	2,305,080
A+	S&P	3,534,410
A	S&P	9,371,528
A-	S&P	706,746
BBB	S&P	3,545,000
Non-rated		45,907,148
Governmental		374,968,414
Total		440,338,326

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

2011	Inside Jordan	Other Middle Eastern countries	Europe	Asia*	Americas	Other	Total
	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	36,704,934	54,144,364	-	-	-	-	90,849,298
Balances at banks and financial institutions	144,636,886	83,791,990	41,744,827	69,270	16,870,818	17,179	287,130,970
Deposits at banks and financial institutions	-	3,500,000	-	-	-	-	3,500,000
Consumer lending	433,521,660	51,743,713	-	-	-	-	485,265,373
Residential mortgages	112,010,928	11,369,744	-	-	-	-	123,380,672
Corporate lending:							
Large corporations	135,720,270	51,133,395	-	-	-	-	186,853,665
Small and medium enterprises	33,894,257	13,509,828	-	-	-	-	47,404,085
Lending to governmental sectors	62,356,111	42,330,087	-	-	-	-	104,686,198
Bonds and treasury bills within:							
Financial assets at amortized cost	413,742,235	14,923,116	11,672,975	-	-	-	440,338,326
Other assets	15,830,715	1,879,770	1,109,752	117	28,337	29	18,848,720
Total 2011	1,388,417,996	328,326,007	54,527,554	69,387	16,899,155	17,208	1,788,257,307
Total 2010	1,278,494,585	333,527,546	42,226,427	37,626	29,154,752	15,226	1,683,456,162

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:

2011	Financial	Industrial	Commercial	Real estate*	Agriculture	Trading	Consumer	Public and government	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	-	-	-	-	-	-	-	90,849,298	90,849,298
Balances at banks and financial institutions	287,130,970	-	-	-	-	-	-	-	287,130,970
Deposits at banks and financial institutions	3,500,000	-	-	-	-	-	-	-	3,500,000
Direct credit facilities	-	46,441,702	160,435,395	144,643,891	3,117,434	7,890,082	480,375,291	104,686,198	947,589,993
Bonds and treasury bills within:									
Financial assets at amortized cost	39,207,458	15,168,865	8,872,849	-	-	-	-	377,089,154	440,338,326
Other assets	1,855,311	2,542,357	5,962,547	344,696	136,426	-	2,704,368	5,303,015	18,848,720
Total 2011	331,693,739	64,152,924	175,270,791	144,988,587	3,253,860	7,890,082	483,079,659	577,927,665	1,788,257,307
Total 2010	363,376,532	21,376,252	198,306,757	150,092,197	2,941,082	5,751,043	401,335,506	540,276,793	1,683,456,162

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

Market Risk

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

Interest Rate Risk

Interest rate risk results from the possible impact of changes in interest rates on the profits of the Bank or the value of financial instruments. The Bank is exposed to interest rate risk due to re-pricing mismatches between its interest rate's sensitive assets and liabilities according to the different maturities and re-pricing 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's 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
2011-				
USD	100	(426,593)	100	426,593
EURO	100	64,285	100	(64,285)
GBP	100	5,944	100	(5,944)
YEN	100	34,547	100	(34,547)
Other Currency	100	28,307	100	(28,307)
2010-				
USD	100	57,234	100	(57,234)
EURO	100	(32,502)	100	32,502
GBP	100	(20,865)	100	20,865
YEN	100	8,878	100	(8,878)
Other Currency	100	33,548	100	(33,548)

Sensitivity of interest rates as of 31 December 2011:

	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 or more years	Non-interest bearing	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2011-								
Assets								
Cash and balances at Central Banks	15,144,500	-	-	-	-	-	116,742,599	131,887,099
Balances at banks and financial institutions	149,787,718	116,148,716	-	-	-	-	21,194,536	287,130,970
Deposits at banks and financial institutions	-	-	3,500,000	-	-	-	-	3,500,000
Financial assets at fair value through profit or loss	-	-	-	-	-	-	24,640,456	24,640,456
Direct credit facilities	689,623,822	16,668,145	70,445,374	20,916,691	50,576,275	99,359,686	-	947,589,993
Financial assets at fair value through OCI	-	-	-	-	-	-	25,910,213	25,910,213
Financial assets at amortized cost	39,206,005	15,207,385	44,046,068	116,393,240	198,767,185	26,718,443	-	440,338,326
Property and equipment	-	-	-	-	-	-	36,455,613	36,455,613
Intangible assets	-	-	-	-	-	-	6,213,805	6,213,805
Other assets	-	-	-	-	-	-	36,696,786	36,696,786
Total Assets	893,762,045	148,024,246	117,991,442	137,309,931	249,343,460	126,078,129	267,854,008	1,940,363,261
Liabilities								
Banks and financial institution deposits	149,563,745	-	-	-	7,000,000	-	13,564,726	170,128,471
Customers' deposits	528,023,147	137,655,962	55,470,126	31,763,852	92,442,231	-	529,779,047	1,375,134,365
Margin accounts	3,621,283	1,598,948	6,240,200	5,476,092	5,039,865	6,403,498	19,043,226	47,423,112
Loans and borrowings	2,715,340	32,679	4,049,134	4,099,148	15,877,923	35,450,000	-	62,224,224
Sundry provisions	-	-	-	-	-	-	11,803,397	11,803,397
Income tax liabilities	-	-	-	-	-	-	22,621,983	22,621,983
Deferred tax	-	-	-	-	-	-	2,270,355	2,270,355
Other liabilities	-	-	-	-	-	-	25,187,001	25,187,001
Total Liabilities	683,923,515	139,287,589	65,759,460	41,339,092	120,360,019	41,853,498	624,269,735	1,716,792,908
Interest rate sensitivity gap	209,838,530	8,736,657	52,231,982	95,970,839	128,983,441	84,224,631	(356,415,727)	223,570,353
2010-								
Total Assets	802,441,319	115,306,161	143,035,840	109,424,500	317,060,989	93,597,256	262,579,115	1,843,445,180
Total Liabilities	607,070,970	187,352,921	41,636,590	44,583,991	82,059,194	41,575,144	633,240,109	1,637,518,919
Interest rate sensitivity gap	195,370,349	(72,046,760)	101,399,250	64,840,509	235,001,795	52,022,112	(370,660,994)	205,926,261

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 identify 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 2010. 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	2011			2010		
	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+	512	-	1+	(978)	-
GBP	1+	1159	-	1+	329	-
YEN	1+	43	-	1+	59	-
Other Currency	1+	16,660	-	1+	(147)	-

Concentration in Currency Risk:

2011	US Dollar	Sterling	Japanese Yen	Euro	Other	Total
Assets						
Cash and balances at Central Banks	34,472,205	112,914	3,282	1,399,405	24,722,720	60,710,526
Balances at banks and financial institutions	41,745,033	1,375,077	48,462	26,174,243	62,771,966	132,114,781
Deposits at banks and financial institutions	3,500,000	-	-	-	-	3,500,000
Financial assets at fair value through profit or loss	1,711,526	-	-	-	-	1,711,526
Direct credit facilities	110,891,655	2,144,076	3,453,876	59,132	50,546,645	167,095,384
Financial assets at fair value through other comprehensive income	1,044,965	-	-	7,447	-	1,052,412
Financial assets at amortized cost	25,310,530	-	-	4,582,975	43,327	29,936,832
Property and equipment	547,968	-	-	-	-	547,968
Other assets	(5,288,811)	4,470,631	3,723,658	62,533	286,900	3,254,911
Total Assets	213,935,071	8,102,698	7,229,278	32,285,735	138,371,558	399,924,340
Liabilities						
Banks and financial institution deposits	67,964,106	-	-	4,596,468	99,124	72,659,698
Customers' deposits	198,991,486	3,049,636	1,735	21,633,968	122,797,829	346,474,654
Margin accounts	14,985,219	155,764	-	6,011,922	9,045,814	30,198,719
Loans and borrowings	36,524,224	-	-	-	-	36,524,224
Other liabilities	3,549,202	213,026	1,414	184,658	874,788	4,823,088
Total Liabilities	322,014,237	3,418,426	3,149	32,427,016	132,817,555	490,680,383
Net concentration in the statement of financial position	(108,079,166)	4,684,272	7,226,129	(141,281)	5,554,003	(90,756,043)
Contingent liabilities	51,025,549	11,697,032	954,110	13,754,022	17,767,865	95,198,578
2010-						
Total Assets	245,664,573	5,665,831	6,809,808	14,978,799	138,066,965	411,185,976
Total Liabilities	323,517,218	5,076,648	1,998	22,421,358	134,547,947	485,565,169
Net concentration in the statement of financial position	(77,852 ,645)	589,183	6,807,810	(7,442,559)	3,519,018	(74,379,193)
Contingent liabilities	37,184,274	5,500	1,073,669	6,043,616	19,910,122	64,217,181

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 constant, is as follows:

Market Indices	2011			2010		
	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	2,653	695,475	+ 5	1,019	934,997
Palestine Securities Exchange	+ 5	793,900	272,078	+ 5	52,800	965,452
New York Stock Exchange	+ 5	-	-	+ 5	-	13,234
Others' Markets	+ 5	69,553	-	+ 5	12,636	-

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

Liquidity Risk

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

Diversification of Funding Sources

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

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

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

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 Bank's policies.

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

Based on best practices in managing market risk and liquidity risk, the Bank pursues a policy to manage these risks as approved by the Board of Directors by relying on several methodologies, techniques and models to measure, assess, and monitor these risks on an ongoing basis, while estimating the required capital for market risk and other applications with the instructions of the Central Bank of Jordan and the standard for the application of Basel II.

The Bank maintains a statutory cash reserve with the Central Banks amounting to JD 72,585,518.

The table below summarizes the maturity profile of the Bank's financial liabilities at 31 December 2011 based on contractual undiscounted repayment obligations:

2011	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	163,293,818	-	-	-	7,307,425	-	-	170,601,243
Customers' deposits	730,406,598	228,185,908	129,801,274	90,204,789	203,108,154	-	-	1,381,706,723
Margin accounts	10,627,726	2,924,200	6,977,801	5,625,785	12,836,192	9,043,290	-	48,034,994
Loans and borrowings	2,718,693	32,679	5,620,686	5,470,700	19,991,173	68,861,625	-	102,695,556
Sundry provisions	988,574	308,726	1,013,793	740,305	6,715,029	2,036,970	-	11,803,397
Income tax liabilities	3,340,000	-	10,401,070	1,798,590	7,082,323	-	-	22,621,983
Deferred tax	-	-	-	-	-	-	2,270,355	2,270,355
Other liabilities	14,388,268	3,625,740	2,155,124	1,986,454	973,572	1,824,055	233,788	25,187,001
Total Liabilities	925,763,677	235,077,253	155,969,748	105,826,623	258,013,868	81,765,940	2,504,143	1,764,921,252
Total Assets	893,762,045	148,024,246	117,991,442	137,309,931	249,343,460	126,078,129	267,854,008	1,940,363,261
2010-								
Liabilities								
Banks and financial institution deposits	118,529,585	10,040,000	-	3,601,720	-	-	-	132,171,305
Customers' deposits	707,348,157	267,837,340	110,820,759	93,765,122	160,259,281	-	-	1,340,030,659
Margin accounts	5,970,418	3,586,582	7,374,143	8,834,287	11,310,770	7,808,604	-	44,884,804
Loans and borrowings	15,340	32,679	1,649,353	1,699,367	29,206,090	70,589,813	-	103,192,642
Sundry provisions	168,574	468,726	703,793	1,210,270	4,696,076	2,125,949	-	9,373,388
Income tax liabilities	10,850,000	-	1,056,070	4,932,824	6,774,148	-	-	23,613,042
Deferred tax	-	-	-	-	-	-	3,818,965	3,818,965
Other liabilities	12,839,809	7,227,601	2,531,551	2,654,652	4,477,839	348,666	478,395	30,558,513
Total Liabilities	855,721,883	289,192,928	124,135,669	116,698,242	216,724,204	80,873,032	4,297,360	1,687,643,318
Total Assets	802,441,319	115,306,161	143,035,840	109,424,500	317,060,989	93,597,256	262,579,115	1,843,445,180

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

- Financial assets and liabilities that are settled net:

2011	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	-	-	-	709,000	709,000	-	1,418,000
Interest rate swap	-	-	-	709,000	709,000	-	1,418,000
2010-							
Derivatives held for hedging	-	-	-	709,000	709,000	709,000	2,127,000
Interest rate swap	-	-	-	709,000	709,000	709,000	2,127,000

Contingent Liabilities

2011	Less than 1 year	1 – 5 years	5 years or more	Total
	JD	JD	JD	JD
Acceptances and letters of credit	53,957,116	5,707,867	-	59,664,983
Irrevocable commitments to extend credit	48,301,523	3,104,753	898	51,407,174
Letters of guarantee	79,575,208	-	-	79,575,208
Total	181,833,847	8,812,620	898	190,647,365
2010-				
Acceptances and letters of credit	32,865,423	-	-	32,865,423
Irrevocable commitments to extend credit	36,987,654	3,241,878	-	40,229,532
Letters of guarantee	75,047,592	-	-	75,047,592
Total	144,900,669	3,241,878	-	148,142,547

Operational Risk

Operational risk is the risk of loss arising from system failure, human resources, 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 includes 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 legal sanctions or financial losses or reputational risk that the Bank might be exposed to as a result of non-compliance with laws, regulations, instructions, rules or standards of conduct and banking practices issued by the regulatory authorities of local and international authorities.

According to the Central Bank of Jordan and in line with the trends and global developments and instructions of Basel, in order to ensure compliance with the Bank and the domestic policies of all laws, regulations, instructions and rules of conduct, standards and banking practices issued by the regulatory authorities of local and international authorities have been issuing policy compliance and Anti-money Laundering procedures approved by the Board of Directors, as been restructured by management compliance and Anti-money Laundering development cycle control compliance function to monitor the Bank compliance with of the laws, regulations and instructions issued by the regulatory authorities Best Practices and industry standards through work programs and procedures based on the principles of control risk "Risk Based Approach", one of the main objectives of the Department:

- Identify, assess, and manage the risks of non-compliance.
- The classification and the availability of the laws and regulations that govern the nature of the department management and activities of various departments within the Bank's internal database and constantly update it with any legal or regulatory developments to help the executive management of the Bank manage the risk and comply with it.
- Provide advice and guidance to the Bank's management with regard to compliance with the laws and regulations.
- Monitor the risks of non-compliance through a database containing all the laws and instructions issued by the regulatory and official domestic and international authorities to the Bank and adjusted according to the latest regulatory and legislative developments to be complied with.
- Reporting on the extent and level of compliance of the Bank and its branches directly to the Audit and Compliance Committees arising from the Board of Directors.
- Review and evaluate all products polices, internal procedures, and their compliance with the laws and regulations mentioned above.

With regard to combating money laundering were also the development and restructuring of the Department of combating money laundering independently within the management of Compliance and Anti-money Laundering and supplying them with human cadres of qualified and trained and automated systems operating according to policies and operating procedures approved by the Board of Directors and the Money Laundering Act No. 46 of 2007, as amended, and Best Practices International in this regard to reduce the risk of these operations carrying out their tasks through four operational units:

- KYC unit of customer identification and verification for the duration of banking relations with the client.
- Unit control and audit functions and review the financial transactions of the executing agents and non-bank customers
- Investigation unit and notification functions which receive reports of suspected departments and branches of the clients, and then reviewed and analyzed to make the right decision about it.
- Western Union unit and control functions of the financial operations carried out by agents and sub-branches of the Bank.

(48) Segment Information

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

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

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

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

Following is the Bank's segment information:

2011	Retail Banking	Corporate Banking	Treasury	Other	Total	
					2011	2010
	JD	JD	JD	JD	JD	JD
Total revenues	79,175,364	26,223,478	39,655,482	833,065	145,887,389	135,413,089
Impairment loss on credit facilities	(5,253,044)	6,960,117	-	-	1,707,073	2,179,439
Impairment loss on financial assets at amortized cost	-	-	141,800	-	141,800	-
Impairment loss available for sale investment	-	-	-	-	-	1,035,437
Segmental results	64,761,921	15,763,329	32,010,264	833,065	113,368,579	101,613,605
Unallocated expenses					62,443,984	54,492,494
Profit before tax					50,924,595	47,121,111
Income tax					14,328,181	12,372,275
Net profit					36,596,414	34,748,836
Other information						
Segmental assets	605,952,108	341,637,884	913,407,064	79,366,205	1,940,363,261	1,843,445,180
Segmental liabilities	685,872,284	354,952,316	618,087,765	57,880,543	1,716,792,908	1,637,518,919
Capital expenditure					8,525,119	10,707,021
Depreciation and amortization					7,519,801	6,972,890

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	
	2011	2010	2011	2010	2011	2010
	JD	JD	JD	JD	JD	JD
Total profits	118,627,467	110,540,623	27,259,922	24,872,466	145,887,389	135,413,089
Total assets	1,495,364,439	1,373,472,053	444,998,822	469,973,127	1,940,363,261	1,843,445,180
Capital expenditure	5,308,756	6,793,321	3,216,363	3,913,700	8,525,119	10,707,021

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

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

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

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, reserves, retained earnings including current year profit, less accrued dividends. Certain adjustments are made to IFRS-based results and reserves, as prescribed by the Central Bank of Jordan. The other component of regulatory capital is Tier 2 capital, which includes subordinated long-term debt, and 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 the Central Bank of Jordan's regulation that is compliant with BIS rules as follows:

	2011	2010
	JD	JD
Primary capital		
Paid in capital	100,000,000	100,000,000
Statutory reserve	37,749,106	33,054,599
Voluntary reserve	1,321,613	1,321,613
Pro-cyclicality reserve	2,318,759	1,040,187
Retained earnings	43,007,553	21,722,851
Less:		
Investment in banks and financial companies	15,943	16,289
Assets obtained by the Bank by calling on collateral (more than four years)	4,749,145	-
Intangible assets	6,213,805	4,234,304
Total Primary capital	173,418,138	152,888,657
Additional capital		
Cumulative change in fair value for available for sale securities	-	11,206,418
Fair value reserve	1,732,823	-
General banking risk reserve	10,150,000	8,883,860
Less:		
Investment in banks and financial companies	15,943	16,289
Total additional capital	11,866,880	20,073,989
Total regulatory capital	185,285,018	172,962,646
Total risk weighted assets	1,234,897,462	1,158,817,455
Capital adequacy (regulatory capital) (%)	15,00	14,93
Capital adequacy (primary capital) (%)	14,04	13,19

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

(50) 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:

2011-	Within 1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Banks	131,887,099	-	131,887,099
Balances at banks and financial institutions	287,130,970	-	287,130,970
Deposits at banks and financial institutions	3,500,000	-	3,500,000
Financial assets at fair value through profit or loss	24,640,456	-	24,640,456
Financial assets at fair value through other comprehensive income	25,910,213	-	25,910,213
Direct credit facilities	230,795,066	716,794,927	947,589,993
Financial assets at amortized cost	215,905,773	224,432,553	440,338,326
Property and equipment	5,645,544	30,810,069	36,455,613
Intangible assets	895,109	5,318,696	6,213,805
Other assets	18,969,735	17,727,051	36,696,786
Total Assets	945,279,965	995,083,296	1,940,363,261
Liabilities			
Banks and financial institution deposits	163,128,471	7,000,000	170,128,471
Customers' deposits	1,231,509,891	143,624,474	1,375,134,365
Margin accounts	26,029,064	21,394,048	47,423,112
Loans and borrowings	10,896,301	51,327,923	62,224,224
Sundry provisions	3,051,398	8,751,999	11,803,397
Income tax liabilities	15,539,660	7,082,323	22,621,983
Deferred tax liabilities	2,270,355	-	2, 270,355
Other liabilities	22,389,374	2,797,627	25,187,001
Total Liabilities	1,474,814,514	241,978,394	1,716,792,908
Net Assets	(529,534,549)	753,104,902	223,570,353

2010-	Within 1 year JD	More than 1 year JD	Total JD
Assets			
Cash and balances at Central Banks	202,432,941	-	202,432,941
Balances at banks and financial institutions	187,368,937	-	187,368,937
Deposits at banks and financial institutions	124,174,750	-	124,174,750
Financial assets held for trading	1,329,095	-	1,329,095
Direct credit facilities	222,726,640	600,377,965	823,104,605
Financial assets available for sale	51,599,477	39,449,440	91,048,917
Financial assets held to maturity	29,297,869	298,893,956	328,191,825
Property and equipment	5,808,784	31,726,872	37,535,656
Intangible assets	1,209,084	3,025,220	4,234,304
Other assets	25,055,151	18,968,999	44,024,150
Total Assets	851,002,728	992,442,452	1,843,445,180
Liabilities			
Banks and financial institution deposits	131,939,779	-	131,939,779
Customers' deposits	1,235,558,808	100,290,564	1,335,849,372
Margin accounts	25,680,923	18,860,713	44,541,636
Loans and borrowings	196,301	59,327,923	59,524,224
Sundry provisions	2,551,363	6,822,025	9,373,388
Income tax liabilities	15,138,894	6,774,148	21,913,042
Deferred tax liabilities	3,818,965	-	3,818,965
Other liabilities	25,732,008	4,826,505	30,558,513
Total Liabilities	1,440,617,041	196,901,878	1,637,518,919
Net Assets	(589,614,313)	795,540,574	205,926,261

(51) Fiduciary Accounts

Fiduciary accounts amounted to JD 2,547,196 as of 31 December 2011 (2010: JD 3,333,893). Such assets or liabilities are not included in the Bank's statement of financial position.

(52) Contingent Liabilities and Commitments

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

	2011	2010
	JD	JD
Letters of credit:		
Issued	55,382,633	30,994,924
Received	114,135,834	143,389,788
Acceptances	4,282,350	1,870,499
Letters of guarantee:		
Payments	16,682,141	10,561,611
Performance	11,502,952	15,021,671
Other	23,222,081	14,646,250
Irrevocable commitments to extend credit	79,575,208	75,047,592
	304,783,199	291,532,335

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

	2011	2010
	JD	JD
Contracts to purchase property and equipment	1,951,911	2,770,981
	1,951,911	2,770,981

Annual rent of the Bank's main building and the branches amounted to JD 2,856,369 as of 31 December 2011 (2010: JD 2,458,492).

(53) Lawsuits

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to approximately JD 38,330,746 as of 31 December 2011 (2010: JD 23,957,920).

Provision for possible legal obligations amounted to JD 5,394,378 as of 31 December 2011 (2010: JD 2,713,562).

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

(54) Effect of Implementation of IFRS 9

The Bank and its subsidiaries have early adopted IFRS starting 1 January 2011 and the result as follows:

A. Reclassification of financial assets to equity and liability instruments:

	Measurement		Book value		Difference
	IAS 39	IFRS9	IAS 39	IFRS9	
	JD	JD	JD	JD	
Financial assets					
Governmental treasury bills	Held to maturity	Amortized cost	256,838,152	256,838,152	-
Government bonds	Held to maturity	Amortized cost	52,674,179	52,674,179	-
Government bonds	Available for sale	Amortized cost	1,698,551	1,738,443	39,892
Corporate bonds	Held to maturity	Amortized cost	18,679,494	18,679,494	-
Corporate bonds	Available for sale	Amortized cost	35,382,828	34,031,374	(1,351,454)
Other bonds	Available for sale	Amortized cost	2,459,221	1,906,443	(552,778)
Investment funds	Available for sale	Financial assets at fair value through profit or loss	1,954,763	1,954,763	-
Companies stocks	Trading securities	Financial assets at fair value through profit or loss	1,329,095	1,329,095	-
Companies stocks	Available for sale	Financial assets at fair value through profit or loss	21,711,018	21,771,018	-
Companies stocks	Available for sale	Financial assets at fair value through other comprehensive income	27,782,536	27,782,536	-

B. According to management's plan of action, investment in companies' shares previously classified as available for sale which have been valued at fair value, are now classified as strategic investments and not for trading purposes, within financial assets at fair value through other comprehensive income. Consequently, a total of JD 464,766 have been classified from the accumulated change in fair value account to retained earnings within consolidated shareholder's equity as of 1 January 2011.

C. According to management's plan of action, investment in companies' shares previously classified as available for sale which have been valued at fair value, are now classified as investments purchased for intent of resale in the near future and to profit from changes in the short-term market prices or trading profit margins within financial assets at fair value through profit or loss. Consequently, a total of JD 16,205,419 has been reclassified from the accumulated change in fair value account to retained earnings.

D. The adoption of IFRS 9 had the following effect on the profit for the year ended 31 December 2011:
- Decrease in profit by an amount of JD 207,359, which represents unrealized loss from revaluation of financial assets at fair value through profit or loss, which were previously classified as available for sale financial assets.
- Decrease in profit by an amount of JD 429,926, which represents gain from sale of financial assets at fair value through other comprehensive income. The gain was recorded directly in retained earnings rather than in the income statement.

E. The adoption of IFRS 9 resulted in the reduction of book values for financial assets compared to IAS 39. The decrease in book values amounted to JD 1,864,340 at 1 January 2011.

(55) New and Amended International Financial Reporting Standards

The following new and revised IFRS have been issued up to December 31, 2011. However, these IFRS were not affective and were not applied by the Bank:

IFRS (10) Consolidated Financial Statements

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

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

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

IFRS (11) Joint Arrangements

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

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

IFRS (12) Disclosure of Involvement with Other Entities

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

IFRS (13) Fair Value Measurement

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

Amended Standards

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

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

IAS (12) Income Taxes – Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

IAS (19) Employee Benefits (Amendment)

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

(27) Separate Financial Statements (as revised in 2011)
As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Bank does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS (28) Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 and IFRS 12. IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS (7) Financial Instruments: Disclosures — Enhanced De-recognition Disclosure Requirements
The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Bank's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Bank's financial position or performance.

(56) Comparative Figures

Some of 2010 balances were reclassified to correspond with those of 2011 presentation. The reclassifications had no effect on the profit for the year and equity.

Bank's Branches & Offices

Save the Children Foundation SOS Program

Iftar Banquet - Save the Children Foundation SOS Program

The Bank's Branches and Offices

Head Office
Number of Employees: 758
Arar Street, Wadi Sarqra
Telephone: 06 5006000, Fax: 06 5007124
P.O. Box 950661, Amman 11195, Jordan

Jordan's Branches and Offices

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

Abu Nseir Branch
Number of Employees: 9
Tel.: 06 5105719/20 Fax: 06 5105716
P.O. Box 2459, Amman 11941, Jordan

Al - Al Beit University
Number of Employees: 8
Tel.: 02 6231856 Fax: 02 6234655
P.O. Box 130066, Mafraq 25113, Jordan

Al Abdali Branch
Number of Employees: 12
Tel.: 06 5650853 Fax: 06 5602420
P.O. Box 928507, Amman 11190, Jordan

Al Baqa'a Branch
Number of Employees: 9
Tel.: 06 4728190 Fax: 06 4726810
P.O. Box 1215, Amman 19381, Jordan

Al Bayader Branch
Number of Employees: 15
Tel.: 06 5859504 Fax: 06 5814933
P.O. Box 140285, Amman 11814, Jordan

Al Fuheis Branch
Number of Employees: 8
Tel.: 06 5373061 Fax: 06 5373064
P.O. Box 180, Al Fuheis 19152, Jordan

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

Al Hussein Bin Talal University Branch
Number of Employees: 6
Tel: 03 2135071 Fax: 03 2134985
P.O. Box 13, Ma'an 71111, Jordan

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

Al Karak Branch
Number of Employees: 11
Tel.: 03 2355721 Fax: 03 2355724
P.O. Box 110, Al Karak, Jordan

Al Karak Al Thunaya Branch
Number of Employees: 10
Tel.: 03 2387630 Fax: 03 2387626
P.O. Box 6, Al Karak 61151, Jordan

Al Madinah Al Monwra Street Branch
Number of Employees: 14
Tel: 06 5560285 Fax: 06 5537957
P.O. Box 1301, Amman 11953, Jordan

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

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

Al Qweismeh Branch
Number of Employees: 13
Tel.: 06 4766061 Fax: 06 4770524
P.O. Box 38971, Amman 11593, Jordan

Al Qweismeh – Madaba Street Branch
Number of Employees: 9
Tel.: 06 4771333 Fax: 06 4751737
P.O. Box 110190, Amman 11110, Jordan

Al Rusaifeh Branch
Number of Employees: 10
Tel.: 05 3741106 Fax: 05 3742275
P.O. Box 41, Al Rusaifeh 13710, Jordan

Al Salt Branch
Number of Employees: 16
Tel.: 05 3550636 Fax: 05 3556715
P.O. Box 1101, Al Salt 19110, Jordan

Al Salt – King Abdullah II Street Branch
Number of Employees: 11
Tel.: 05 3500173 Fax: 05 3500178
P.O. Box 214, Al Balqa' 19328, Jordan

Al Sweifieh Branch
Number of Employees: 10
Tel.: 06 5865805 Fax: 06 5863140
P.O. Box 715, Amman 11118, Jordan

Al Wahdat Branch
Number of Employees: 8
Tel.: 06 4771171 Fax: 06 4753388
P.O. Box 715, Amman 11118, Jordan

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

Al Yasmeen Branch
Number of Employees: 10
Tel.: 06 4201748 Fax: 06 4201459
P.O. Box 38971, Amman 11593, Jordan

Al Zarqa Branch
Number of Employees: 17
Tel.: 05 3982729 Fax: 05 3931424
P.O. Box 39, Al Zarqa 13110, Jordan

Al Zarqa Branch – Army Street
Number of Employees: 10
Tel: 05 3968031 Fax: 05 3968033
P.O. Box 151180, Zarqa 13115, Jordan

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

Al Zarqa – New Branch
Number of Employees: 8
Tel.: 05 3864118 Fax: 05 3864120
P.O. Box 12291, Al Zarqa 13112, Jordan

Amman Branch
Number of Employees: 19
Tel.: 06 5006001 Fax: 06 4639328
P.O. Box 715, Amman 11118, Jordan

Aqaba Branch
Number of Employees: 14
Tel.: 03 2019787 Fax: 03 2015550
P.O. Box 1166, Aqaba 77110, Jordan

Aqaba – Tunisian Baths Street Branch
Number of Employees: 7
Tel.: 03 2018452 Fax: 03 2018456
P.O. Box 1177, Aqaba 77110, Jordan

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

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

City Mall Branch
Number of Employees: 12
Tel.: 06 5820028 Fax: 06 5864726
P.O. Box 2688, Amman11821, Jordan

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

C-Town Branch – 7th Circle
Number of Employees: 8
Tel.: 06 5861724 Fax: 06 5816145
P.O. Box 715, Amman 11118, Jordan

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

Hashmi Al Shamali Branch
Number of Employees: 7
Tel.: 06 5055390 Fax: 06 5055401
P.O. Box 231106, Amman 11123, Jordan

Irbid – Al Hashmi Street Branch
Number of Employees: 14
Tel.: 02 7257531 Fax: 02 7279207
P.O. Box 336, Irbid 21110, Jordan

Irbid Branch – King Abdullah Sqaure
Number of Employees: 9
Tel.: 02 7240071 Fax: 02 7240069
P.O. Box 2066, Irbid 21110, Jordan

Irbid Branch – Omar Al Mokhtar Street
Number of Employees: 10
Tel.: 02 7250950 Fax: 02 7250954
P.O. Box 150002, Irbid 21141, Jordan

Jabal Al Hussein Branch
Number of Employees: 10
Tel: 06 4656601 Fax: 06 4617160
P.O. Box 8272, Amman 11121, Jordan

Jabal Al Hussein (Western) Branch
Number of Employees: 8
Tel.: 06 5604974 Fax: 06 5605632
P.O. Box 8636 Amman 11121, Jordan

Jabal Amman Branch
Number of Employees: 14
Tel.: 06 4625228 Fax: 06 4618504
P.O. Box 2018, Amman 11181, Jordan

Jerash Branch
Number of Employees: 12
Tel.: 02 6354011 Fax: 02 6354012
P.O. Box 96, Jerash, Jordan

Jordan University Branch
Number of Employees: 17
Tel.: 06 5342225 Fax: 06 5333278
P.O. Box 13146, Amman 11942, Jordan

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

Jordan University – Student Office Aqaba Branch
Number of Employees: 4
Tel.: 03 2058027 Fax: 03 2058029
P.O. Box 1177, Aqaba 77110, Jordan

Jordan University – Student Office Branch
Number of Employees: 4
Tel.: 06 5330138 Fax: 06 5333278
P.O. Box 13146, Amman 11942, Jordan

King Abdullah Hospital Branch
Number of Employees: 7
Tel.: 02 7095723 Fax: 02 7095725
P.O. Box 336, Irbid 21110, Jordan

Leaders Center – Al Madina Al Tibbiyeh Street Branch
Number of Employees: 5
Tel.: 06 5331206 Fax: 06 5331209
P.O. Box 140350, Amman 11814, Jordan

Ma'adi Branch
Number of Employees: 11
Tel.: 05 3570030 Fax: 05 3571904
P.O. Box 27, Ma'adi 18261, Jordan

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

Marj Al Hamam Branch
Number of Employees: 9
Tel.: 06 5712383 Fax: 06 5711895
P.O. Box 30, Marj Al Hamam 11732, Jordan

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

Marriott Hotel Branch
Number of Employees: 4
Tel.: 06 5658764 Fax: 06 5623161
P.O. Box 715, Amman 11118, Jordan

Mecca Street Branch
Number of Employees: 10
Tel.: 06 5522850 Fax: 06 5522852
P.O. Box 1172, Amman 11821, Jordan

Mu'tah University Branch
Number of Employees: 14
Tel.: 03 2370182 Fax: 03 2370181
P.O. Box 88, Mu'tah 61710, Jordan

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

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

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

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

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

Science & Technology University Branch
Number of Employees: 12
Tel.: 02 7095713 Fax: 02 7095168
P.O. Box 3030, Irbid 22110, Jordan

Shmeisani Branch
Number of Employees: 14
Tel.: 06 5685074 Fax: 06 5687721
P.O. Box 962297, Amman 11196, Jordan

Sweileh Branch
Number of Employees: 16
Tel.: 06 5335210 Fax: 06 5335159
P.O. Box 1400, Amman 11910, Jordan

Sweileh – Queen Rania Al Abdullah Street Branch
Number of Employees: 9
Tel.: 06 5332585 Fax: 06 5332485
P.O. Box 316, Amman 11910, Jordan

Tabarbour Branch
Number of Employees: 8
Tel.: 06 5054170 Fax: 06 5053916
P.O. Box 273, Amman 11947, Jordan

Wadi Saqra Branch
Number of Employees: 15
Tel.: 06 5006000 Fax: 06 5007124
P.O. Box 950661, Amman 11195, Jordan

Yarmouk University Branch
Number of Employees: 13
Tel.: 02 7246053 Fax: 02 7241983
P.O. Box 336, Irbid 21110, Jordan

Yarmouk University – Student Office Branch
Number of Employees: 4
Tel.: 02 7270181 Fax: 02 6354012
P.O. Box 336, Irbid 21110, Jordan

Zara Mall Branch
Number of Employees: 15
Tel.: 06 5006220 Fax: 06 4618354
P.O. Box 17868, Amman 11195, Jordan

Consulting Centers
Consulting Center - Amman
Tel.: 06 5006000 Fax: 06 5007128
P.O. Box 950661, Amman 11195, Jordan

Consulting Center – Irbid
Tel.: 02 7257529 Fax: 02 7257530
P.O. Box 950661, Amman 11195, Jordan

Consulting Center – Jerash
Tel.: 02 6354010 Fax: 02 6354012
P.O. Box 96, Jerash, Jordan

Consulting Center – Zarqa
Tel.: 05 3975202 Fax: 05 3975203
P.O. Box 950661, Amman 11195, Jordan

Palestine Branches and Offices

Regional Management
Number of Employees: 263
Tel.: 02 2977230 Fax: 02 2952763
P.O. Box 1870, Ramallah, Palestine

Abu Baker Street Office – Jenin
Number of Employees: 12
Tel.: 04 2505270 Fax: 04 2503110
P.O. Box 67, Jenin, Palestine

Ain Sara Al Khalil Branch
Number of Employees: 13
Tel.: 02 2216801 Fax: 02 2221140
P.O. Box 663, Al Khalil, Palestine

Al Ahliya College – Ramallah Branch
Number of Employees: 22
Tel.: 02 2983500 Fax: 02 2955437
P.O. Box 2359, Ramallah, Palestine

Al Irsal – Ramallah Branch
Number of Employees: 16
Tel.: 02 2948100 Fax: 02 2951433
P.O. Box 4343, Bireh, Palestine

Al Mahd Square Branch – Bethlehem
Number of Employees: 9
Tel.: 02 2757770 Fax: 02 2757722
P.O. Box 601, Bethlehem, Palestine

Al Masyoun – Ramallah Branch
Number of Employees: 17
Tel.: 02 2977090 Fax: 02 2979755
P.O. Box 2419, Ramallah, Palestine

Al Rimal – Gaza Branch
Number of Employees: 19
Tel.: 08 2821077 Fax: 08 2821088
P.O. Box 5350, Gaza, Palestine

Al Saraya – Gaza Branch
Number of Employees: 11
Tel.: 08 2824950 Fax: 08 2824830
P.O. Box 167, Gaza, Palestine

Al Shallaleh – Al Khalil Branch
Number of Employees: 7
Tel.: 02 2229803 Fax: 02 2229327
P.O. Box 662, Al Khalil, Palestine

An-Najah University Office Branch
Number of Employees: 5
Tel.: 09 2343550 Fax: 09 2977167
P.O. Box 499, Nablus, Palestine

Bethlehem Branch
Number of Employees: 14
Tel.: 02 2756900 Fax: 02 2744974
P.O. Box 709, Bethlehem, Palestine

Deir Al Balah Branch
Number of Employees: 9
Tel.: 08 2531220 Fax: 08 2539947
P.O. Box 6007, Gaza, Palestine

Faisal Street – Nablus Branch
Number of Employees: 15
Tel.: 09 2383250 Fax: 09 2383256
P.O. Box 1559, Nablus, Palestine

Haifa Street – Jenin Branch
Number of Employees: 18
Tel.: 04 2418000 Fax: 04 2439470
P.O. Box 66, Jenin, Palestine

Jericho Branch
Number of Employees: 10
Tel.: 02 2323627 Fax: 02 2321982
P.O. Box 55, Jericho, Palestine

Khan Younes Branch
Number of Employees: 12
Tel.: 08 2054074 Fax: 08 2054084
P.O. Box 158, Khan Younes, Palestine

Nablus Branch
Number of Employees: 31
Tel.: 09 2393001 Fax: 09 2381590
P.O. Box 50, Nablus, Palestine

Qalqilya Branch
Number of Employees: 17
Tel.: 09 2941115 Fax: 09 2941119
P.O. Box 43, Qalqiliah, Palestine

Rafah Branch
Number of Employees: 12
Tel.: 08 2136251 Fax: 08 2136250
P.O. Box 8205, Rafah, Palestine

Tulkarem Branch
Number of Employees: 26
Tel.: 09 2688140 Fax: 09 2672773
P.O. Box 110, Tulkarem, Palestine

Wad Al Tuffah Branch
Number of Employees: 14
Tel.: 02 2225353 Fax: 02 2225358
P.O. Box 655, Hebron, Palestine

Subsidiary Companies

Al Watanieh for Financial Services Company – Awraq Investments
Number of Employees: 31
Tel.: 02 2757770 Fax: 02 2757722
P.O. Box 601, Bethlehem, Palestine

Al Watanieh Securities Company
Number of Employees: 18
Tel.: 009702 298 0420 Fax: 009702 298 7277
P.O. Box 1983, Ramallah, Palestine