INVESTBANK
البنك الإستثماري
REVOLVING AROUND YOU

2012
30th Annual Report

INVESTBANK

البنك الإستثماري

REVOLVING AROUND YOU

The Thirtieth Annual Report Content:
Board of Directors Recommendations
Introduction
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Major Financial Indicators

The Board of Directors recommends to its shareholders the following, based on what was presented:

1. Ratification of the Bank's financial data for the year 2012 and the clearance of the Board of Directors for the period of that year.

2. Approval of the Board of Director's recommendation to distribute profits to the shareholders in the amount of 8 million JOD (eight million Jordanian Dinars), or 8% of the capital.

On this occasion, the Board of Directors wishes to thank the shareholders and all clients of the Bank for their confidence and support, and recognizes all employees for their loyal and dedicated service that secured the continued success of the Bank.

INVESTBANK...

Three decades of Growth and Success

In 2012, the INVESTBANK concluded three decades of banking service, moving into the fourth decade with the vitality of youth, years of experience and sustained success, after making a mark supported by improving results, year after year, and decade after decade, in spite of all the crises, difficulties and challenges. It was a new addition to the banking sector thanks to a number of pioneers, headed by the late Nizar Abdul Raheem Jardaneh, all of whom understood that this bank has a role to play in prudent banking.

Here, we highlight important landmarks in the bank's history throughout the last three decades, starting with the formation of the first Board of Directors with Nizar Jardaneh as Chair, Khaled Abu Al Soud as Vice Chair, and Raouf Abu Jaber, Khalil Al Talhouni, Amin Al Hasan, Bassam Atari, Jaafar Al Shami, Michel Marto, Hassan Mango, Nabil Al Qaddoumi as members, and Basel Jardaneh as General Manager. This Board guaranteed the birth of a successful bank because of the entrepreneurship of its members and their focus that it shall soar in disciplined banking horizons.

The second of these was working as a company, for about seven years, before turning into a bank later. In 1989, pursuant to terms that restricted its activities, including prohibiting it from accepting, in the period 1982 until 1989, commercial deposits, opening current accounts, or offering credit facilities, as well as imposing a limit of no less than six months on the discount duration of promissory notes, advances, and loans, and the inability to finance external commercial operations, issuing letters of credit, or issuing bonds, except to entities that had previously received credit facilities from the company. These terms, however, did not prevent it from achieving successes and continuing to rise in banking work with patience and poise.

These inputs and others launched the Bank towards its third phase, which was the transformation into an INVESTBANK according to new terms and instructions issued by the Central Bank at the time. This was on the first of September 1989, and it has since then proceeded with its banking work

according to new rules and mechanisms that allowed for overcoming the difficulties and obstacles of the previous phase. Thus, it was allowed to use financial and banking services, attract current deposits, and grant checkbooks to its clients. This phase slowly brought it closer to the work of commercial banks in operation at that time, although it remained restricted from offering banking facilities, both in the form of current debit or traditional commercial activities.

The upholding of these restricting terms on its activities was strong motivation for the bank to move on the fourth phase, its transformation into a commercial bank. Thus, turning a new corner its path and whose results we still see today as it reaffirms its place as a pioneering local bank in the offering of banking services and products to its clients according to their needs and serving the national economy, individuals, and small and medium companies, as well as allowing a higher added value to its family of shareholders, clients and employees.

The Bank has achieved much over these last three decades, including the establishment of the Jerusalem Bank for Development and Investment as an ally Bank in Palestine, the introduction of the concept of foreign investment through supporting companies interested in this field, investing in the Amman Stock Exchange, establishing new companies, such as Emaar and United, two real estate companies, and CLEARIUNS for credit card operations, contributing to the establishment of the Free Markets Company, and developing its services and products through its new institutional identity, and building its relationship with the community by offering support and patronage to many of its institutions and activities on the premise of its social responsibility, and finally establishing subsidiary companies of the Bank in the areas of brokerage, leasing and supply chains.

A quick look at the Bank's data throughout the three decades of its work – according to the first annual report and compared with its thirtieth annual report – the volume of sizeable development is clear. The total budget rose from 20.5 million JD to 708.5 million JD. Deposits grew from 14.7 million JD to 469 million JD, credit grew from 8.7 million JD to 446 million JD, revenues grew from 1.5 million JD to 61.4 million JD, net profit grew from

0.38 million JD to 11.252 million JD, property rights from 3.2 million JD to 134 million JD, capital from 6 million JD to 100 million JD, the number of employees from 25 to 404 employees, and the number of branches from one main branch to nine branches.

Certainly, following the path of the founders and moving with persistent steps to elevate its achievements will lead to greater success in the fourth decade of its life towards creative and innovate banking.

Thirtieth Annual Report 2012

Chairman of Board statement

Dear Shareholders,

It is my pleasure to submit to you, on behalf of the Board of the INVESTBANK, the Thirtieth Annual Report of 2012.

Thirty years of distinguished service!

The INVESTBANK celebrates thirty years of success in banking this year, during which it has seen qualitative developments in services, products and institutional identity, in spite of the internal and external challenges that have impacted various economic sectors. In view of these issues, the INVESTBANK has continued to establish a strong capital base that rose to 100 million JD to support our standing as an advanced bank in terms of services, products, employees and studied competitiveness. This has also reflected on its expansion and its banking, commercial and investment role as well as its future aspirations.

Jordanian Economy

There was a lot of hope tied to the return of activity to the Jordanian economy in 2012. However, the economy growth continued to hover at less than 3%, debt rose to 16.3 billion JD, and unemployment and poverty rates remained around 13 and 14% consecutively. The budget deficit also reached critical levels. In addition to this, the energy bill rose to 4.5 billion JD and foreign reserves reached the limit of 6.6 billion JD. However, all this did not prevent some positive signs, such as rising tourism returns and improved expatriate remittances and the accompanying new approach for

subsidies after floating fuel prices, in order to correct the flaws resulting from the arbitrary subsidies system in the past.

The countries of the Gulf Cooperation Council are also to be applauded for their support to Jordan, by spending on various vital development and economic projects, which will have a positive impact on the economic process and the improved investment climate. This makes us more optimistic that many economic and social challenges in 2013.

Safe Umbrella

In view of all the surrounding circumstances, the banking sector has remained the most capable in adapting to the various challenges, under the safe umbrella of the Central Bank of Jordan, which entrenched stability based on in-depth experience enabling Jordan and the banking sector to overcome the risks and deal with the events professionally and prudently, thus, deepening confidence in its policies and contributing to the maintenance of the dinar's stability.

Thirtieth Annual Report 2012

Escalating Performance

We are pleased within this context to reaffirm the path of escalating success at the INVESTBANK as revealed by its general results in terms of profits after tax. It reached 11.25 million JD, an increase of 17.2% compared with 2011, rise of assets to a total of 708.5 million, a growth of 2.4% compared with last year, and the facilities that reached 446 million JDs, an increase of 15.4% compared with 2011. Client deposits also reached 458 million JD and returns on shareholder rights were 8.37%. All these positive indicators entrenched its vision that its means to overcome challenges were the path to more success.

Continuing Path

The non-banking problems that faced the Bank are no secret, they were announced immediately as it believes in the principles of transparency and clarity. We have moved quickly to contain the circumstances, correct them, and address their causes. The Bank has also taken the necessary measures to address this issue in the third quarter of 2012. The Board

of Directors and the Executive Board continue to communicate with the Central Bank and the monitoring bodies, in addition to taking all measures to fortify the bank by improving its efficiency in terms of risk management according to best international practices. The Board of Directors and Executive Board have also spared no effort to recover all the Bank's rights.

Promising Future

The Bank, dear shareholders, works according to its strategic plan, and is continuously improving its organizational structure and banking and technology policies, in order to achieve more entrepreneurship that has distinguished its presence and its work methodology. It is achieving the highest levels of quality in service, competitiveness in achievement, vitality in performance, and quality in client interaction and the prediction of their banking needs.

Thank you

Continuously, the value of the Bank is not the level it has reached but rather what it aspires to reach. This is the spirit of our Bank as it aspires as a Board of Directors and Executive Board to greater achievement, higher-level performance and more sustainable presence. It has enjoyed a large family of dedicated shareholders, clients and employees, all of whom have been concerned with preserving the institution a fruitful and prosperous one, without seeking praise or failing to announce its vision and achieve its goals.

God bless,,

Bisher Mohammad Jardaneh

Chair of the Board of Directors

His Hashemite Majesty King Abdullah the Second Ibn Al Hussein (may God protect him)

His Royal Highness Crown Prince Hussein Bin Abdullah (may God protect him)

COMPREHENSIVE FINANCIAL STATEMENTS ENDING BY DECEMBER 31ST, 2013

1. Independent Auditor's Report
2. Comprehensive Auditor's Financial Statement
3. Comprehensive Income Statement
4. Comprehensive Gross Income Statement
5. Changes In Shareholder's Equity Statement
6. Comprehensive Cash Flow Statement
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INDEPENDENT AUDITOR'S REPORT

AM/ 31664

To the Shareholders of

INVESTBANK

Amman – The Hashemite Kingdom of Jordan

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of INVESTBANK (a public shareholding company), which comprise of the consolidated statement of financial position as of December 31, 2012, and the consolidated statements of income, other comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Emphasis of a matter

Without qualifying our opinion and as noted in Note (13) to the consolidated financial statements, the bank was exposed to irregular activities in the bank's cash accounts at other banks and financial institutions which led to a loss of around JD 12.9 million as of December 31, 2012. The bank's management believes that the related provision booked in the consolidated financial statements is adequate against any losses resulting from these irregular activities.

Report on Regulatory Requirements

The Bank maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith and with the consolidated financial statements presented in the Board of Directors' report. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

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

Amman – Jordan **Deloitte & Touche (M.E.) – Jordan**

April 15, 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Statement (A)

	Note	December 31,	
		2012	2011
ASSETS		**JD**	**JD**
Cash and balances at the Central Bank	4	47,545,437	39,366,571
Balances at banks and financial institutions	5	70,630,082	79,108,582
Deposits at banks and financial institutions	6	230,778	3,942,065
Financial derivatives	37	-	4,380
Financial assets at fair value through profit or loss	7	9,589,936	11,778,182
Direct credit facilities - net	10	404,311,268	350,008,522
Financial assets at fair value through other comprehensive income	8	12,174,711	13,406,061
Financial assets at amortized cost	9	105,394,480	143,208,743
Property and equipment - net	11	21,488,869	26,387,692
Intangible assets	12	1,918,827	2,074,410
Deferred tax assets	19	4,552,123	2,131,456
Other assets	13	30,677,584	20,355,310
TOTAL ASSETS		708,514,095	691,771,974
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES			
Banks and financial institutions deposits	14	11,044,231	18,270,292
Customers deposits	15	458,081,546	469,626,566
Cash margins	16	56,336,663	53,517,975
Borrowed funds	17	33,822,859	3,623,862
Sundry provisions	18	588,506	952,789
Provision for income tax	19	3,564,655	3,880,629
Deferred tax liabilities	19	616,660	925,740
Other liabilities	20	9,225,958	9,076,655
TOTAL LIABILITIES		573,281,078	559,874,508
OWNERS' EQUITY			
Bank's Shareholders			
Authorized capital	21	100,000,000	100,000,000
Subscribed and paid-up capital	21	100,000,000	85,250,000
Payments on capital increase	21	-	14,116,574
Statutory reserve	22	16,055,800	14,710,442
General banking risks reserve	22	3,805,907	3,180,766
Fair value reserve - net	23	330,893	1,035,208
Retained earnings	24	14,315,943	13,129,048
TOTAL OWNERS' EQUITY (Bank Shareholders)		134,508,543	131,422,038
Non-Controlling Interest	26	724,474	475,428
TOTAL OWNERS' EQUITY		135,233,017	131,897,466
TOTAL LIABILITIES AND OWNERS' EQUITY		708,514,095	691,771,974

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

COMPREHENSIVE INCOME STATEMENT

Statement (B)

	Note	For the Year Ended December 31, 2012	2011
		JD	JD
Interest income	27	45,587,043	41,458,023
Less: Interest expense	28	19,212,605	16,728,896
Net Interest Income		26,374,438	24,729,127
Net commissions income	29	4,922,370	4,309,221
Net Interest and Commissions Income		31,296,808	29,038,348
Income from foreign currency exchange	30	3,144,390	3,201,430
Income from financial assets at fair value through profit or loss	31	82,795	2,224,924
Cash dividends from financial assets at fair value through		626,311	515,445
Income from sale of financial assets at amortized cost		-	212,054
Other income	32	6,994,834	1,300,090
Gross Income		42,145,138	36,492,291
Employees expenses	33	8,843,199	7,100,213
Depreciation and amortization	11 & 12	1,942,118	1,570,810
Other expenses	34	4,756,331	4,391,094
Provision for impairment in direct credit facilities	10	2,943,308	11,168,207
Sundry provisions	13 &18	10,071,217	(1,388,000)
Total Expenses		28,556,173	22,842,324
Net Income before Income Tax		13,588,965	13,649,967
Less: Income tax	19	2,336,594	4,054,414
Income for the Year		11,252,371	9,595,553
Attributable to:			
Bank's Shareholders		11,218,390	9,594,044
Non-Controlling Interest	26	33,981	1,509
		11,252,371	9,595,553
Basic and diluted earnings per Share	35	- /113	- /112

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended	
	2012	2011
	JD	JD
Income for the Year	11,252,371	9,595,553
Other Comprehensive Income Items:		
Change in fair value reserve - net after tax	(775,699)	(200,467)
Income from sale of financial assets through other comprehensive income	10,388	-
Total Other Comprehensive Income for the Year	10,487,060	9,395,086
Total Other Comprehensive Income attributable to		
Bank shareholders	10,453,079	9,393,577
Non-controlling interest	33,981	1,509
	10,487,060	9,395,086

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY

	Paid-up Capital	Payments on Capital Increase	Reserves		Cumulative Change in Fair Value	Fair Value Reserve	Retained Earnings	Total Sahreholders Equity Attributable To Bank Shareholders	Non-Controlling Interest	Total
			Statutory	General Banking Risks						
For the Year Ended December 31, 2012	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	85,250,000	14,116,574	14,710,442	3,180,766	-	1,035,208	13,129,048	131,422,038	475,428	131,897,466
Income for the year	-	-	-	-	-	-	11,218,390	11,218,390	33,981	11,252,371
Net change in the fair value reserve	-	-	-	-	-	(775,699)	-	(775,699)	-	(775,699)
Gains from sale of financial assets through other comprehensive income	-	-	-	-	-	71,384	(60,996)	10,388	-	10,388
Total Other Comprehensive Income for the Year	-	-	-	-	-	(704,315)	11,157,394	10,453,079	33,981	10,487,060
Non-Controlling interests	-	-	-	-	-	-	-	-	215,065	215,065
Increase in paid-up capital (Note 21)	633,426	-	-	-	-	-	-	633,426	-	633,426
Transferred to paid-up capital (Note 21)	14,116,574	(14,116,574)	-	-	-	-	-	-	-	-
Dividends (Note 24)	-	-	-	-	-	-	(8,000,000)	(8,000,000)	-	(8,000,000)
Transferred to reserves	-	-	1,345,358	625,141	-	-	(1,970,499)	-	-	-
Balance - End of the Year	100,000,000	-	16,055,800	3,805,907	-	330,893	14,315,943	134,508,543	724,474	135,233,017
For the Year Ended December 31, 2011										
Balance - beginning of the year	77,500,000	-	13,331,959	3,211,949	3,630,749	-	9,746,611	107,421,268	173,919	107,595,187
Effect of early adoption of IFRS (9)	-	-	-	-	(3,630,749)	1,235,675	2,885,693	490,619	-	490,619
Adjusted balance - beginning of the year	77,500,000	-	13,331,959	3,211,949	-	1,235,675	12,632,304	107,911,887	173,919	108,085,806
Income for the year	-	-	-	-	-	-	9,594,044	9,594,044	1,509	9,595,553
Net change in the fair value reserve	-	-	-	-	-	(200,467)	-	(200,467)	-	(200,467)
Total Other Comprehensive Income for the Year	-	-	-	-	-	(200,467)	9,594,044	9,393,577	1,509	9,395,086
Non-Controlling interests	-	-	-	-	-	-	-	-	300,000	300,000
Transferred to paid-up capital (Note 21)	7,750,000	-	-	-	-	-	(7,750,000)	-	-	-
Private offering for capital increase (Note 21)	-	14,116,574	-	-	-	-	-	14,116,574	-	14,116,574
Transferred to / (from) reserves	-	-	1,378,483	(31,183)	-	-	(1,347,300)	-	-	-
Balance - End of the Year	85,250,000	14,116,574	14,710,442	3,180,766	-	1,035,208	13,129,048	131,422,038	475,428	131,897,466

- Included in retained earnings is an amount of JD 4,552,123 as of December 31, 2012 restricted by the instructions of the Central Bank of Jordan against deferred tax assets (JD 2,131,456 as of December 31, 2011).

- Retained earnings include an amount of JD 1,598,599 as of December 31, 2012 which represents the effect of the early adoption of IFRS (9). These amounts are restricted and cannot be utilized unless realized through actual sale as instructed by the Jordan Securities Commission.

- Use of the general banking risks reserve is restricted and requires the prior approval of the Central Bank of Jordan.

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL
PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

	Note	For the Year Ended December 31,	
		2012	2011
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the year before income tax		13,588,965	13,649,967
Adjustments:			
Depreciation and amortization	11&12	1,942,118	1,570,810
Provision for impairment in credit facilities	10	2,943,308	11,168,207
Provision for employees end-of-service indemnity	18	1,427	-
(Surplus) provision for lawsuits against the bank	18	(111,997)	(1,465,000)
(Recovered from) provision for contingent liabilities	18	(253,713)	77,000
Provision against balances related to irregular activities	13	10,435,500	-
(Gains) on sale of property and equipment	32	(4,350,855)	(3,273)
(Gains) from sale of assets seized by the bank	32	(591,935)	(13,524)
Unrealized losses from valuation of financial assets at fair value through profit or loss	31	403,359	965,945
Net (income) interest expense		(36,515)	95,561
Effect of exchange rate fluctuations on cash and cash equivalents	30	(102,127)	(152,524)
Income before Changes in Assets and Liabilities		23,867,535	25,893,169
Net Changes in Assets and Liabilities:			
Decrease in deposits at banks and financial institutions (due after 3 months)		3,711,287	1,500,169
Decrease in financial asset at fair value through profit or loss		1,784,887	935,804
Decrease in financial derivatives		4,380	3,511
(Increase) in direct credit facilities		(57,246,054)	(10,902,415)
(Increase) in other assets		(18,442,221)	(3,239,961)
(Decrease) increase in customers deposits		(11,545,020)	20,330,693
Increase in cash margins		2,818,688	15,191,617
(Decrease) increase in other liabilities		(1,537,799)	(3,241,174)
Net Cash Flows (used in) from Operating Activities before Tax		(56,584,317)	46,471,413
Income tax paid	19	(5,080,466)	(6,264,040)
Net Cash Flows (used in) from Operating Activities		(61,664,783)	40,207,373
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in financial assets at fair value through other comprehensive income		164,189	-
Decrease in financial assets at amortized cost		37,814,263	13,780,803
and equipment and projects under construction	11	(1,171,177)	(2,445,079)
Proceeds from sale of property and equipment		9,131,865	27,880
(Purchases) of intangible assets	12	(497,545)	(978,766)
Net Cash Flows from Investing Activities		45,441,595	10,384,838
CASH FLOWS FROM FINANCING ACTIVITIES:			
Capital increase		633,426	-
Dividends		(8,000,000)	-
Proceeds from capital increase		-	14,116,574
Increase (decrease) in borrowed funds		12,277,526	(3,933,782)
Non- controlling interest		215,065	300,000
Net Cash Flows from Financing Activities		5,126,017	10,482,792
Effect of exchange rate fluctuations on cash and cash equivalents	30	102,127	152,524
Net (Decrease) Increase in Cash and Cash Equivalents		(10,995,044)	61,227,527
Cash and cash equivalents - beginning of the year		100,204,861	38,977,334
Cash and Cash Equivalents - End of the Year	36	89,209,817	100,204,861

THE ACCOMPANYING NOTES FROM (1) TO (47) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

NOTES TO THE CONSOLIDTAED FINANCIAL STATEMENTS

1. General

- INVESTBANK was established as a Jordanian public shareholding company under number (173) on August 12, 1982 in accordance with the Companies Law No. 12 for the year 1964 with a paid-up capital of JD 6 million distributed over 6 million shares with a par value of JD 1 per share. The Bank's capital has increased several times, the last of which was during the year 2011. According to the resolution of the Bank's general assembly in its extraordinary meeting held on June 15, 2011, the Bank's authorized and subscribed capital has increased to become JD 100 million through the capitalization of JD 7,750,000 from retained earnings, and the remaining through a private offering provided to the investors registered at the bank of JD 14,750,000. On August 29, 2011, the bank capitalized JD 7,750,000 from retained earnings increasing the Bank's subscribed and paid up capital to JD 85,250,000, which was approved by the Jordan Securities Commission on September 4, 2011. The Bank completed its capital increase in the amount of JD 14,750,000 on April 10, 2012 so that the paid up and subscribed capital becomes JD 100 million. This process was made in two stages. The first through a private offering of JD 14,116,574 per share out of JD 14,750,000 per share, and the second through the unsubscribed shares related to offering rights that have not been used of the JD 633,426 per share that were sold through the financial market.

- The Bank's headquarters is in Amman, Abdel Hameed Sharaf Street, Shmesani, Tel: 5001500, P.O. Box 950601, Amman 11195 – Jordan.

- The Bank is engaged in banking and related financial operations through its headquarters; 9 branches in the Hashemite Kingdom of Jordan, and the subsidiary companies.

- The Bank is a public shareholding company listed in the Amman's Stock Exchange.

- The consolidated financial statements have been approved by the Bank's Board of Directors, in its meeting held on February 19, 2013, and are subject to the approval of the General Assembly

of Shareholders.

2. Significant Accounting Policies

Basis of Presentation

- The accompanying consolidated financial statements of the Bank and its subsidiary companies are prepared in accordance with the standards issued by the International Accounting Standards Board (IASB), interpretations issued by the Committee of the IASB, prevailing local laws and regulations of the Central Bank of Jordan.

- The consolidated financial statements are prepared under the historical cost convention except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial derivatives that are measured at fair value at the date of preparation of the consolidated financial statements. Moreover, hedged assets and liabilities are stated at fair value.

- The reporting currency of the consolidated financial statements is the Jordanian Dinar, which is also the functional currency of the Bank.

- The accounting policies for the current year are consistent with those used in the year ended December 31, 2011, except for the effect of adoption of the new and modified standard as in note (47 – a).

Basis of Consolidation

- The consolidated financial statements include the financial statements of the Bank and the wholly owned subsidiary companies controlled by it. Control exists when the Bank has the ability to control the financial and operating policies of the subsidiary companies in order to achieve financial benefits out of their operations. All inter-company transactions, balances, revenues and expenses between the Bank and its subsidiaries are eliminated.

Company's Name	Paid-up Capital	Ownership	Nature of Operations	Location	Date of Acquisition
Al - Mawared for Financial Brokerage Company	10,000,000	100%	Financial Brokerage	Amman	2006
Tamkeen Leasing Company	5,000,000	90%	Financial Leasing	Amman	2006
Al Istethmari Letamweel Selselat Al Imdad	3,000,000	94%	Management and Operation of Bonded Stores	Amman	2010
Jordan Factoring *	30,000	100%	Factoring Accounts Receivable	Amman	2011

* The Company was established on December 21, 2011 and did not execute its operations yet at the date of the consolidated financial statements.

- The financial statements of the subsidiary relating to the same financial year of the Bank are prepared using the same accounting policies adopted by the Bank. In case the accounting policies applied by the subsidiary companies are different from those adopted by the Bank, the necessary adjustments to the financial statements of the subsidiary companies are made to comply with the accounting policies used by the Bank.

- Results of operations are consolidated in the consolidated statement of income from the date of acquisition which represents the date when control over the subsidiary companies is passed on to the Bank. Moreover, results of operations of the disposed of subsidiary companies (if any) are consolidated in the consolidated statement of income until the disposal date, which represents the date when the Bank loses control over the subsidiary companies.

- Non-controlling interest represents that part of the subsidiary's equity not owned by the Bank.

Segment Information

- A business segment is a group of assets or operations jointly engaged in providing an individual product, service or a group of related products or services subject to risks and returns different from those of other business segments. It is measured according to the reports used by the General Manager or other key decision-makers at the Bank.

- A geographical segment is a distinguishable component of an entity engaged in providing products or services within a particular economic environment subject to risks and returns different from those of components operating in other economic environments.

Financial Assets at Fair Value through Profit or Loss

- It is the financial assets held by the Bank for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.

- Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the consolidated statement of income upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the consolidated statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the consolidated statement of income.

- Dividends and interests from these financial assets are recorded in the consolidated statement of income.

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

- It is not allowed to classify any financial assets that do not have prices in active markets and active dealings in these items.

- Direct Credit Facilities

- Represents financial assets that have fixed or agreed payments

the bank submitted in the first place and these financial assets do not have quoted prices in financial markets.

- Direct credit facilities are recorded at amortized cost after deducting the provision for the direct credit facilities and interest and commissions in suspense.
-
- A provision for the impairment in direct credit facilities is recognized when it is obvious that the financial assets of the Bank cannot be recovered, there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities, and the impairment amount can be estimated. The provision is taken to the consolidated statement of income.
- Interest and commissions on non-performing credit facilities are suspended in accordance with the regulations of the Central Bank of Jordan.
- Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to recover the assets. Any surplus in the provisions is taken to the consolidated statement of income, while debt recoveries are taken to income.

Financial Assets at Fair Value through Other Comprehensive Income

- Those financial assets represent the investments in equity instruments held for a long term.
- Financial assets at fair value through other comprehensive income are initially stated at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. Gain or loss from the sale of these investments should be recognized in the consolidated statement of comprehensive income and within owner's equity, and the balance of the evaluation reserved for these assets

should be transferred directly to the retained earnings not to the consolidated statement of income.

- No impairment testing is required for those assets.
- Dividends are recorded in the consolidated statement of income.

Financial Assets at Amortized Cost

- Financial assets at amortized cost are the financial assets the Bank's management intends according to its business model to hold for the purpose of collecting the contractual cash flows which comprise the contractual cash flows solely payments of principal and interest on the principal outstanding.
- Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue's premium/discount is amortized using the effective interest rate method, and recorded to interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted. Any impairment is registered in the consolidated statement of income and should be presented subsequently at amortized cost less any impairment losses.
- The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.
- It is not allowed to reclassify any financial assets from/to this category except for certain cases specified at the International Financial Reporting Standards (and in the case of selling those assets before its maturity date, the results should be recorded in a separate account in the consolidated statement of income. Disclosures should be made in accordance to the requirements of International Financial Reporting Standards).

Fair Value

Fair value represents the closing market price (Acquisition of assets/Sale of liabilities) of financial assets and derivatives on the date of the consolidated financial statements. In case the declared market prices do not exist, active trading of some financial assets and derivatives is not available, or the market is inactive, fair value

is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the estimated future cash flows and discounted cash flows at current rates applicable for items with similar terms and risk characteristics.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bears no interest in accordance to discounted cash flows using effective interest rate, premiums and discounts are amortized within interest revenue or expense in the consolidated statement of income.

The evaluation methods aim to provide a fair value reflecting the expectations of the market, and take into consideration market factors, risks and expected benefits, at the time of evaluation of the financial instruments. In case the fair value of an investment cannot be measured reliably, it is stated at cost less any impairment.

Financial assets, the fair value of which cannot be reliably measured, are stated at cost less any impairment.

Impairment in the Value of Financial Assets

The Bank reviews the values of financial assets on the date of the consolidated statement of financial position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio. In case such indications exist, the recoverable value is estimated in order to determine the impairment loss.

Impairment is determined as follows:

- Impairment in financial assets recorded at amortized cost represents the difference between the book value and the present value of the expected cash flows discounted at the original interest rate.
- mpairment in financial assets available for sale recorded at fair value (policy applied before 1 January 2011) represents the difference between book value and fair value.

The impairment in value is recorded in the consolidated statement of income. Any surplus in the following period resulting from previous impairment in the value of debt instruments is taken to the consolidated statement of income and any impairment in the value of equity instruments is taken to the consolidated statement of other comprehensive income.

Property and Equipment

- Property and equipment are stated at cost net of accumulated depreciation and any impairment in value. Moreover, property and equipment (except for land) are depreciated according to the straight-line method over their estimated useful lives using the following rates:

	%
Buildings	2
Fixtures, equipment and furniture	10 - 25
Vehicles	15 - 20
Computers	20
Decorations	25

- When the carrying values of property and equipment exceed their recoverable values, assets are written down to the recoverable value, and impairment losses are recorded in the consolidated statement of income.

- The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being a change in estimate.

- Property and equipment are derecognized when disposed of or when there is no expected future benefit from their use or disposal.

Provisions

- Provisions are recognized when the Bank has an obligation on the date of the consolidated statement of financial position as a

result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

- Provision for Employees End-of-Service Indemnities
- The employees' end-of-service indemnities provision is calculated at a rate of one month per service year for contracted employees older than 60 years old.
- The required provision for end-of-service indemnities for the year is recorded in the consolidated statement of income while payments to departing employees are deducted from the provision amount.
- Cost of Issuing or Purchasing Bank Shares
- Costs that result from purchasing or issuing bank shares are charged to retained earnings (net of the tax effect relating to those costs, if any). If the underwriting process or purchase process was incomplete, these costs are charged to the consolidated statement of income.

Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions in Jordan.
- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied

when the tax liability is settled or tax assets are recognized.

- Deferred tax assets are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

Accounts Managed on Behalf of Customers

This item represents the accounts managed by the Bank on behalf of its customers and is not part of the Bank's assets. The fees and commissions for managing these accounts are shown in the consolidated statement of income. Furthermore, a provision is taken against the decline in the value of capital-guaranteed portfolios managed on behalf of customers.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Bank intends to settle them on a net basis, or assets are realized and liabilities are settled simultaneously.

- Realization of Income and Recognition of Expenses
- Interest income is realized and expenses are recognized using the effective interest rate method, except for interest and commission on non-performing loans which are not recognized as revenue but recorded in the interest and commission in suspense account until they are received in cash.
- Expenses are recognized on the accrual basis.
- Commission is recorded as revenue when the related services are provided.
- Dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

Recognition of Financial Assets

Financial assets are recognized on the trading date which is the date the Bank commits itself to purchase or sell the financial assets.

Financial Derivatives and Hedge Accounting

For hedge accounting purposes, financial derivatives are stated at fair value. Hedges are classified as follows:

- Fair value hedge:

Hedge for the change in the fair value exposures of the Bank's assets and liabilities.

When the conditions of effective fair value hedge are met, the resulting gain or loss from re-measuring the fair value hedge is recognized in the consolidated statement of income.

When the conditions of effective portfolio hedge are met, the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio are recorded in the consolidated statement of income for the same period.

- Cash flow hedge:

Hedge for the change in the current and expected cash flow exposures of the Bank's assets and liabilities.

When the conditions of effective cash flow hedge are met, the gain or loss of the hedging instruments is recognized in the consolidated statement of other comprehensive income in owners' equity. Such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

- Hedge for net investment in foreign entities:

When the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in the consolidated statement of other comprehensive income and in owner's equity. The ineffective portion is recognized in the consolidated statement of income. The effective portion is recorded in the consolidated statement of income when the investment in foreign entities is sold.

When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging

instrument is recorded in the consolidated statement of income in the same period.

Financial Derivatives for Trading

The fair value of financial derivatives for trading such as forward foreign currency contracts, future interest rate contracts, swap agreements, and foreign currency options is recorded in the consolidated statement of financial position under other assets or other liabilities as the case may be. Fair value is measured according to the prevailing market prices, and if they are not available, the measurement method should be disclosed. The change in their fair value is recognized in the consolidated statement of income.

Repurchase and Resale Agreements

- Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the consolidated financial statements as a result of the Bank's continuous control over these assets and as the related risks and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.

- Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the consolidated financial statements because the Bank has no control over such assets and the related risks and benefits are not transferred to the Bank upon occurrence. Payments related to these contracts are recorded under deposits with banks and other financial institutions or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract using the effective interest rate method.

Assets Seized by the Bank

Assets seized by the Bank are shown under «other assets» at the acquisition value or fair value, whichever is lower. As of the consolidated financial statements date, these assets are revalued

individually at fair value. Any decline in their market value is taken to the consolidated statement of income, whereas any such increase is not recognized. A subsequent increase is taken to the consolidated statement of income to the extent it does not exceed the previously recorded impairment.

Intangible Assets

- Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Intangible assets purchased other than through acquisition are recorded at cost.
- Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is treated in the consolidated statement of income as an expense for the period.
- No capitalization of internally generated intangible assets resulting from the Bank's operations is made. They are rather recorded as an expense in the consolidated statement of income for the period.
- Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.
- The following is the accounting policy for each item of the intangible assets owned by the Bank and its subsidiaries:
- Softwares and computer programs are amortized over their estimated useful economic lives at a rate of 20% annually.

Foreign Currency

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.
- Financial assets and financial liabilities denominated in foreign currencies are translated at the average rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan.
- Non-monetary assets and liabilities denominated in foreign currencies

and recorded at fair value are translated on the date when their fair value is determined.

- Gains or losses resulting from foreign currency translation are recorded in the consolidated statement of income.

- Translation differences on non-monetary assets and liabilities denominated in foreign currencies are recorded as part of the change in fair value.

- Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with the Central Bank of Jordan and balances with banks and financial institutions maturing within three months, less balances due to banks and financial institutions maturing within three months and restricted funds.

3.Accounting Estimates

Preparation of the consolidated financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of financial assets and liabilities, fair value reserve and the disclosure of contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown within the consolidated statement of other comprehensive income. In particular, this requires the Bank's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

- A provision is set against the lawsuits raised against the Bank. This provision is subject to an adequate legal study prepared by the Bank's legal advisors. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.

- A provision for performing and non-performing loans is taken on the bases and estimates approved by the Bank's management

in conformity with International Financial Reporting Standards (IFRS). The outcome of these bases and estimates is compared against the adequacy of the provisions as per the Central Bank of Jordan's instructions. The strictest outcome that conforms to International Financial Reporting Standards is used for determining the provision.

- Impairment loss (if any) is booked after sufficient and recent evaluations of the assets seized by the Bank have been conducted by approved surveyors. The impairment loss is reviewed periodically.

- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the consolidated statement of income.

- Management frequently reviews the financial assets stated at cost to estimate any decline in their value. Impairment loss (if any) is taken to the consolidated statement of income as an expense for the year.

- Management estimates the impairment in fair value when the market value reaches a certain limit indicative of the amount of impairment loss, which doesn't conflict with the International Financial Reporting Standards and the instructions of the Regulatory authorities.

- Fair Value Hierarchy

- The Bank determines and discloses the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3's fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant may require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

- We believe that our estimates adopted in the preparation of the consolidated financial statements are reasonable.

4. Cash and Balances at the Central Bank

This item consists of the following:

	December 31,	
	2012	2011
	JD	JD
Cash in vaults	6,158,075	5,348,665
Balances at the Central Bank:		
Current and demand accounts	5,997,217	-
Term and notice deposits	4,000,000	6,500,000
Mandatory cash reserve	31,390,145	27,517,906
Total	**47,545,437**	**39,366,571**

- Except for the mandatory cash reserve, there are no restricted balances as of December 31, 2012 and 2011.

5. Balances at Banks and Financial Institutions

This item consists of the following:

Description	Local Banks & Financial Institutions December 31,		Banks & Financial Institutions Abroad December 31,		Total December 31,	
	2012	2011	2012	2011	2012	2011
	JD	JD	JD	JD	JD	JD
Current and demand accounts	61,169	63,131	27,920,687	36,975,132	27,981,856	37,038,263
Deposits due within 3 months	13,545,000	18,545,000	29,103,226	23,525,319	42,648,226	42,070,319
Total	**13,606,169**	**18,608,131**	**57,023,913**	**60,500,451**	**70,630,082**	**79,108,582**

- Non-interest bearing balances at banks and financial institutions amounted to JD 14,516,645 as of December 31, 2012 against JD 8,536,930 as of December 31, 2011.

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

6. Deposits at Banks and Financial Institutions

This item consists of the following:

Description	Local Banks & Financial Institutions December 31,		Banks & Financial Institutions Abroad December 31,		Total December 31,	
	2012	2011	2012	2011	2012	2011
	JD	JD	JD	JD	JD	JD
Deposits	-	-	230,778	3,942,065	230,778	3,942,065
Total	-	-	230,778	3,942,065	230,778	3,942,065

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

7. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	December 31,	
	2012	2011
	JD	JD
Companies shares	6,182,164	6,998,040
Bonds	3,173,006	4,546,002
Investment funds *	234,766	234,140
Total	9,589,936	11,778,182

* This item represents investment in funds located in Britain, Bahrain and Luxemburg and is not capital guaranteed.

8. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	December 31,	
	2012	2011
	JD	JD
Quoted shares	10,265,971	11,364,385
Unquoted shares *	1,908,740	2,041,676
Total	12,174,711	13,406,061

* The fair value of the unquoted shares has been valued using the equity method which

is considered the best method to valuate such investments.

- Cash dividends on investments amounted to JD 626,311 for the year ended December 31, 2012 (JD 515,445 for the year ended December 31,2011)

- Realized losses on the sale of shares at fair value through other comprehensive income amounted to JD 60,996 for the year ended December 31, 2012 which was directly recorded under retained earnings in owner's equity.

9. Financial Assets at Amortized Costs

The details of this item are as follows:

	December 31,	
	2012	2011
	JD	JD
Quoted financial assets:		
Governmental bills *	87,127,200	99,024,247
Governmental bonds or bonds guaranteed by the government	-	17,500,804
Total Quoted Available-for-sale Financial Assets	87,127,200	116,525,051
Unquoted Financial Assets:		
Governmental bills	4,617,258	12,634,109
Governmental bonds or bonds guaranteed by the government	2,001,358	2,002,078
Companies bonds and debentures	11,648,664	12,047,505
Total Unquoted Financial Assets	18,267,280	26,683,692
Total Financial Assets at Amortized Cost	105,394,480	143,208,743
Bonds and Bills analysis:		
Fixed return	105,394,480	143,208,743
Total	105,394,480	143,208,743

* Governmental bills include an amount of JD 17.9 million for bonds used against borrowings from the Central Bank of Jordan as per the repurchase agreement which is used for temporary financing activities due on January 6, 2013.

10 . Direct Credit Facilities - Net

This item consists of the following:

	December 31,	
	2012	2011
	JD	JD
Overdraft	10,203,411	11,698,281
Loans and promissory notes*	26,073,742	29,423,289
Credit Cards	2,441,044	1,682,340
Real estate loans	72,299,850	60,882,502
Companies		
Large Companies		
Overdraft	61,568,158	55,834,119
Loans and promissory notes*	223,725,569	195,075,296
Medium and small companies		
Overdraft	12,522,958	10,366,955
Loans and promissory notes*	37,163,542	20,723,575
Government and public sector	-	891,122
Total	445,998,274	386,577,479
Less: Provision for impairment in direct credit facilities	33,894,449	31,315,775
Suspended interest	7,792,557	5,253,182
Net Direct Credit Facilities	404,311,268	350,008,522

* Net after deducting interest and commissions received in advance of JD 4,470,815 as of December 31, 2012 against JD 5,008,566 as of December 31, 2011.

- Non-performing credit facilities amounted to JD 53,863,962 which is equivalent to (12.1%) of total direct credit facilities as of December 31, 2012 against JD 50,776,611, which is equivalent to (13.1%) of total credit facilities as of December 31, 2011.
- Non- performing credit facilities excluding interest and commissions in suspense amounted to JD 46,071,404 which is equivalent to (10.5%) of total direct credit facilities after excluding interest in suspense as of December 31, 2012 against JD JD 45,523,429 which is equivalent to (11.9%) of total credit facilities after excluding interest in suspense as of December 31, 2011.

- No direct credit facilities were granted to / guaranteed by the Government as of December 31, 2012 against JD 891,122, which is equivalent to (0.2%) as of December 31, 2011.

Provision for Impairment in Direct Credit Facilities:

The movement on the provision for impairment in direct credit facilities was as follows:

			Companies		
2012	**Individuals**	**Real Estate Loans**	**Large**	**Small and Medium**	**Total**
	JD	JD	JD	JD	JD
Balance – beginning of the year	7,107,452	5,541,174	12,349,467	6,317,682	31,315,775
Provision for the year taken from revenue	(1,444,756)	504,225	450,742	3,433,097	2,943,308
Used during the year (written-off)*	24,701	27,165	296,928	15,840	364,634
Balance – End of the Year	5,637,995	6,018,234	12,503,281	9,734,939	33,894,449
2011					
Balance – beginning of the year	4,759,241	1,823,147	8,316,717	5,691,334	20,590,439
Provision for the year taken from revenue	2,786,058	3,718,027	4,037,774	626,348	11,168,207
Used during the year (written-off) *	437,847	-	5,024	-	442,871
Balance – End of the Year	7,107,452	5,541,174	12,349,467	6,317,682	31,315,775

- The provisions no longer needed due to settlements or repayments of debts and transferred against other debts amounted to JD 9,739,536 against

JD 4,610,121 for the previous year.

- The provision for impaired credit facilities representing underwatch and non-performing loans is calculated based on the individual customer and not the portfolio.

Interest in Suspense

- The movement on the interest in suspense is as follows:

2012	Individuals	Real Estate Loans	Companies		Total
			Large	Small and Medium	
Balance – beginning of the year	1,167,208	1,169,623	1,934,111	982,240	5,253,182
Add: Interest in suspense for the year	403,898	1,501,153	1,529,183	291,261	3,725,495
Less: Interest taken to income	322,436	200,934	56,536	81,308	661,214
Interest in suspense written-off *	6,612	-	491,680	26,614	524,906
Balance - End of the Year	1,242,058	2,469,842	2,915,078	1,165,579	7,792,557
2011					
Balance – beginning of the year	786,762	289,014	959,500	915,899	2,951,175
Add: Interest in suspense for the year	487,216	914,681	1,034,345	93,949	2,530,191
Less: Interest taken to income	78,741	34,072	59,734	27,608	200,155
Interest in suspense written-off *	28,029	-	-	-	28,029
Balance - End of the Year	1,167,208	1,169,623	1,934,111	982,240	5,253,182

* As per the decision of the board of directors and the board of directors of Al-Mawared (subsidiary company), non-performing credit facilities with their related interest in suspense have been written off for the amount of JD 889,540 during the year 2012 against JD 470,900 for the year 2011.

- Net credit facilities according to Geographical distribution and economic sector:

	Inside the Kingdom	
	December 31,	
	2012	2011
	JD	JD
Financial	107,629,460	50,538,268
Industrial and mining	77,356,891	85,890,976
Trading	103,561,715	102,369,887
Real estates	47,223,511	20,776,739
Constructions	34,602,702	47,306,949
Agricultural	6,895,033	5,136,606
Tourism, restaurants and public	28,664,444	25,657,430
Shares	23,240,183	27,767,593
Individuals / others	16,824,335	20,241,909
Government and public sector	-	891,122
Total	445,998,274	386,577,479

11. Property and Equipment - Net

The details of this item are as follows:

	Land	Buildings	Furniture, Fixtures and Equipment	Vehicles	Computers	Total
Year 2012						
Cost:						
Balance - beginning of the year	10,976,945	10,518,761	4,171,928	314,749	1,163,039	27,145,422
Additions	-	-	587,406	22,500	187,484	797,390
Disposals	3,983,196	1,610,706	118,931	30,000	-	5,742,833
Transfers	-	-	957,229	-	2,787	960,016
Balance - End of the year	6,993,749	8,908,055	5,597,632	307,249	1,353,310	32.159.995
Accumulated Depreciation:						
Balance - beginning of the year	-	1,225,758	2,225,708	148,720	409,096	4,009,282
Additions	-	180,521	838,673	48,005	221,791	1,288,990
Disposals	-	836,664	107,765	17,394	-	961,823
Balance - End of the year	-	569,615	2,956,616	179,331	630,887	4,336,449
Net Book Value of Fixed Assets	6,993,749	8,338,440	2,641,016	127,918	722,423	18,823,546
Down payment for purchasing fixed assets & projects under construction*	-	1,418,431	1,246,892	-	-	2,665,323
Net property & equipment	6,993,749	9,756,871	3,887,908	127,918	722,423	21,488,869
Year 2011						
Cost:						
Balance - beginning of the year	6,030,272	2,329,765	3,166,415	331,864	570,959	12,429,275
Additions	-	-	366,252	22,885	136,540	525,677
Disposals	-	-	17,030	40,000	-	57,030
Transfers	4,946,673	8,188,996	656,291	-	455,540	14,247,500
Balance - End of the year	10,976,945	10,518,761	4,171,928	314,749	1,163,039	27,145,422
Accumulated Depreciation:						
Balance - beginning of the year	-	1,082,608	1,498,767	115,470	247,635	2,944,480
Additions	-	143,150	741,219	51,395	161,461	1,097,225
Disposals	-	-	14,278	18,145	-	32,423
Balance - End of the year	-	1,225,758	2,225,708	148,720	409,096	4,009,282
Net Book Value of Fixed Assets	10,976,945	9,293,003	1,946,220	166,029	753,943	23,136,140
Down payment for purchasing fixed assets & projects under construction*	-	1,418,431	1,830,334	-	2,787	3,251,552
Net Book Value of Fixed Assets	10,976,945	10,711,434	3,776,554	166,029	753,730	26,136.140

- Property and equipment include an amount of JD 5,141,403 as of December 31, 2012 for fully depreciated assets against JD 5,311,293 as of December 31, 2011.

* This item represents down payments for the purchase of furniture, fixtures and equipment for the purposes of the banks branch at Shmesani (new location) and its two branches at Emar Towers and abdoun which are still under construction as of the statement of financial position date.

12. Intangible Assets

This item consists of the following:

	2012			2011
	Down payments for acquiring programs	Computer Systems and Programs	Total	Computer Systems and Programs
Description	JD	JD	JD	JD
Balance-beginning of the year	611,409	1,463,001	2,074,410	1,569,229
Additions *	340,315	157,230	497,545	978,766
Less : Amortization for the year	-	653,128	653,128	473,585
Transfers	(606,428)	606,428	-	-
Balance - End of the Year	345,296	1,573,531	1,918,827	2,074,410

* Additions represent the amounts paid to acquire and improve the banking systems and programs.

13. Other Assets

This item consists of the following:

	December 31,	
	2012	2011
	JD	JD
Accrued interest and income	1,723,618	1,722,495
Prepaid expenses *	3,004,385	498,840
Assets seized by the Bank **	21,941,617	11,606,048
Refundable deposits	957,898	723,394
Clearance checks	15,494	5,377,378
Balances related to irregular activities - net ***	2,539,200	-
Other	495,372	427,155
Total	30,677,584	20,355,310

* Prepaid expenses include an amount of JD 2.6 million which represents the rent of the new branch for the bank in Abdoun for 18 years prepaid.

** According to the Banks Law, buildings and plots of land seized by the Bank against debts due from customers are to be sold within two years from the ownership date. For exceptional cases, the Central Bank of Jordan can extend this period for two consecutive years at maximum.

- The movement on assets (properties) seized by the Bank was as follows:

	2012	2011
	JD	JD
Balance - beginning of the year	11,606,048	9,991,387
Additions	15,135,404	2,054,578
Disposals	4,885,479	492,296
Retained of impairment of assets seized by the Bank	85,644	52,379
Balance - End of the Year	21,941,617	11,606,048

*** This item represents the net balances related to unusual transactions after deducting the provision booked against these balances as follows:

	2012	2011
	JD	JD
Balance related to unusual transactions	12,974,700	-
Less: Provision booked against this balance	10,435,500	-
	2,539,200	-

- The bank was exposed to irregular activities in the cash accounts of the bank at other banks and financial institutions leading to the loss of amounts estimated in around JD 12,9 million which is mainly due to the probability of collusion between some of the bank's employees and override of the control procedures and internal regulations.

The necessary legal procedures were taken by the bank's management and a provision of JD 10,4 million was booked after deducting the estimated recoverable amount and the foreclosed assets.

14. Banks and Financial Institutions Deposits

This item consists of the following :

	December 31, 2012			December 31, 2011		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and demand accounts	879,944	3,164,287	4,044,231	1,096,146	2,256,146	3,352,292
Time deposits *	-	7,000,000	7,000,000	-	14,918,000	14,918,000
Total	879,944	10,164,287	11,044,231	1,096,146	17,174,146	18,270,292

* This account does not include any amount due within a period exceeding 3 months as of December 31, 2012 and 2011.

15. Customers Deposits

This item consists of the following :

	December 31, 2012				
	Individuals	Large Companies	Small and Medium Companies	Public Sector	Total
	JD	JD	JD	JD	JD
Current and demand accounts	71,746,087	45,163,645	16,414,695	584,137	133,908,564
Saving deposits	5,078,819	104,734	96,956	874	5,281,383
Time deposits subject to notice	171,047,638	136,405,548	5,479,119	5,876,477	318,808,782
Deposits certificates	-	82,817	-	-	82,817
Total	247,872,544	181,756,744	21,990,770	6,461,488	458,081,546

	December 31, 2011				
	Individuals	Large Companies	Small and Medium Companies	Public Sector	Total
	JD	JD	JD	JD	JD
Current and demand accounts	76,145,676	33,804,838	18,229,534	1,131,209	129,311,257
Saving deposits	874,907	9,760	65,945	857	951,469
Time deposits subject to notice	181,502,644	81,455,193	39,006,758	31,726,828	333,691,423
Deposits certificates	2,752,876	2,839,981	79,560	-	5,672,417
Total	261,276,103	118,109,772	57,381,797	32,858,894	469,626,566

- Public sector deposits inside Jordan amounted to JD 6,461,488 which is equivalent to (1.4%) of total customers deposits as of December 31, 2012 against JD 32,858,894, which is equivalent to (7%) of total customers deposits as of December 31, 2011.

- Non-interest bearing deposits amounted to JD 105,220,442 which is equivalent to (23%) of total customers deposits as of December 31, 2012 against JD 68,357,249, which is equivalent to (14.5%) of total customers deposits as of December 31, 2011.

- Restricted deposits amounted to JD 12,635,866, which is equivalent to (2.8%) of total customers deposits as of December 31, 2012 against JD 12,129,092, which is equivalent to (2.6)% as of December 31, 2011.

- Frozen deposits amounted to JD 16,617,976 as of December 31, 2012 against JD 12,199,986 as of December 31, 2011.

16. Cash Margins

This item consists of the following:

	December 31,	
	2012	2011
	JD	JD
Cash margins on direct credit facilities	26,686,327	16,015,121
Cash margins on indirect credit facilities	15,576,057	15,900,181
Marginal deposits	14,074,279	21,602,673
Total	56,336,663	53,517,975

17. Borrowed Funds

This item consists of the following:

		Number of Installments				
	Amount	Total	Remaining	Frequency of Installments	Guarantees	Interest Rate
Year 2012	**JD**				**JD**	**%**
Revolving loans - Jordan Ahli Bank *	3,140,061	1	1	One payment after 9 month from financing	-	8
Revolving loan - Abu Dhabi National Bank *	1,681,142	1	1	One payment within May,2013	-	8
Overdraft - Jordan Capital Bank *	2,100,472	1	1	One payment on May 25, 2013	-	8.5
Overdraft - Abu Dhabi National Bank *	479,713	1	1	One payment on August 31, 2013	-	8
Jordan Mortgage Refinance Company *	500,000	1	1	One payment on August 28, 2013	-	7.5
Jordan Mortgage Refinance Company	8,000,000	1	1	One payment on December 24, 2013	Treasury bills	8.45
Borrowing from the Central Bank of Jordan - As per the repurchase agreement	17,921,471	1	1	One payment on January 6, 2013	Treasury bills	4.25
Total	33,822,859					
Year 2011						
Revolving loan (Ahli Bank)	1,850,433	1	1	One payment after 9 month from financing	-	8
Overdraft (Abu Dhabi National Bank)	693,429	1	1	One payment on August 31, 2012	-	8
Revolving loan (Abu Dhabi National Bank)	1,080,000	1	1	One payment within May,2013	-	8
Total	3,623,862					

- This item represents credit facilities overdraft accounts and revolving loans granted to the subsidiary companies (Al Mawared for Financial Brokerage, Tamkeen Leasing Company and Al-Istethmari LeTamweel Selselat Al Imdad) against the guarantee of the Company's networth.
- Fixed interest loans amounted to JD 26,421,471 and non-fixed interest loans amounted to JD 7,401,388.

18. Sundry Provisions

This item consists of the following:

	Beginning Balance	Additions	Additions	Returned to Income	Ending Balance
	JD	JD	JD	JD	JD
Year 2012					
Provision for employees end-of-service indemnity	3,823	1,427	-	-	5,250
Provision for lawsuits against the Bank (Note 46/A)	695,253	185,503	-	297,500	583,256
Provision for contingent liabilities	253,713	-	-	253,713	-
Total	952,789	186,930	-	551,213	588,506
Year 2011					
Provision for employees end-of-service indemnity	3,823	-	-	-	3,823
Provision for lawsuits against the Bank (Note 46/A)	2,160,253	300,000	-	1,765,000	695,253
Provision for contingent liabilities	176,713	77,000	-	-	253,713
Total	2,340,789	377,000	-	1,765,000	952,789

19. Income Tax

A. Provision for income tax:

The movement on the provision for income tax was as follows:

	2012	2011
	JD	JD
Beginning balance	3,880,629	5,430,588
Total income tax paid	(5,080,466)	(6,264,040)
Prior years' income tax	173,100	100,000
Income tax for the year	4,591,392	4,614,081
Ending Balance	3,564,655	3,880,629

- Income tax for the year consists of the following:

	2012	2011
	JD	JD
Income tax for the year	4,591,392	4,614,081
Prior years' income tax	173,100	100,000
Amortization of deferred tax liabilities	(7,231)	(544,380)
Deferred tax assets	(3,455,708)	(665,094)
Amortization of deferred tax assets	1,035,041	549,807
	2,336,594	4,054,414

Tax status of the bank

- Income tax has been settled with the Income and Sales Tax Department up to the end of the year 2011.
- Regarding the year 2012, the Bank has calculated the accrual income tax for the year and paid a percentage of semiannual income tax of JD 1,034,519. In the opinion of the bank's management and its tax advisor, the tax liabilities do not exceed the provision booked as of December 31, 2012.

Tax status of Al-Mawared for financial brokerage company (subsidiary company)

- Income tax has been settled with the income and sales tax department up to the end of the year 2009. Moreover, the tax returns for the years 2010 and 2011 were submitted but the income and sales tax department has not yet reviewed the companys records. In the opinion of the bank's management and its tax advisor, the tax liabilities do not exceed the provision booked. Regarding the year 2012, In the opinion of the bank's management and its tax advisor, the tax liabilities do not exceed the provision booked as of December 31, 2012, the company has calculated the accrued income tax for the year and paid a percentage of semiannual income tax of JD 27,029. In the opinion of the company's management and its tax advisor, the tax liabilities do not exceed the provision booked.

Tax status of Tamkeen Leasing Company (subsidiary company)

-Tamkeen Leasing company has not submitted its tax return for the period from inception on October 31, 2006 to December 31, 2007

and for the years 2008 and 2009. In the opinion of management and the tax advisor, the Company will not have any

tax liabilities as it has not conducted any activities yet.

- The company submitted its tax return for the year 2010 and 2011 but the income and sales tax department has not yet reviewed the company's records. In the opinion of management and the tax advisor, the Company will not have any tax liabilities as it has not conducted any activities yet.

Tax status of AL-Istethmari Letamweel Selselat Al Imdad (subsidiary company)

- The company has submitted its tax return for the period from inception on February 11, 2010 to December 31, 2010 and for the year 2011 but the income and sales tax department has not yet reviewed the company's records. In the opinion of management and the tax advisor, the Company will not have any tax liabilities as it has incurred losses for the period.

b- Deferred Tax Assets / Liabilities:

The details of this item are as follows:

Accounts Included	2012				December 31,	
	Amounts				2011	2010
	Beginning Balance	Amounts Released	Additions	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
1- Deferred Tax Assets						
Provision for impairment in credit facilities (before the year 2000)	513,316	-	-	513,316	153,995	153,995
Provision for employees end-of-service indemnities	3,823	-	1,427	5,250	1,575	1,147
Provision for lawsuits against the Bank	695,253	297,500	185,503	583,256	174,977	208,576
Provision for debts under watch	3,262,454	3,066,993	-	195,461	58,638	978,736
Provision for impairment in assets seized by the Bank	846,920	85,643	-	761,277	228,383	254,076
Provision for impairment in financial brokerage	2,228,858	-	137,221	2,366,079	567,859	534,926
Provision against balances related to irregular activities	-	-	10,435,500	10,435,500	3.130.650 *	-
Unpaid employees bonus for the year 2012	-	-	706,320	706,320	211,896	-
Unpaid board of directors members bonus and ---- for the year 2012	-	-	80,500	80,500	24,150	-
	7,550,624	3,450,136	11,546,471	15,646,959	4,552,123	2,131,456
2- Deferred Tax Liabilities						
Effect of early adoption of IFRS (9)	1,606,933	24,103	-	1,582,830	474,849	482,080
Change in fair value reserve	1,478,868	1,287,153	280,988	472,703	141,811	443,660
	3,085,801	1,311,256	280,988	2,055,533	616,660	925,740

- Deferred tax liabilities include an amount of JD 141,811 as of December 31, 2012 (JD 443,660 prior year) which represents tax liabilities against gains on the evaluation of financial assets at fair value through other comprehensive income which is shown under fair value reserve in owners' equity. In addition, there's an amount of JD 474,849 as of December 31,2012 (JD 482,080 prior year) for deferred tax liabilities on gain on financial assets at fair value through profit or loss which is shown under retained earnings as a result of the early adoption of IFRS (9).

* This item represents the deferred tax benefits expected from the provision booked against the balances related to the unusual transactions (note 13), and the management believes these amounts can be benefited from in the near futures.

- The movement on deferred tax assets / liabilities was as follows:

	2012		2011	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Beginning balance	2,131,456	925,740	2,016,169	1,556,035
Additions	3,455,708	84,296	770,177	316,909
Deductions	1,035,041	393,376	654,890	947,204
Ending Balance	4,552,123	616,660	2,131,456	925,740

C- The summary of the reconciliation between accounting profit and taxable profit is as follows:

	2012	2011
	JD	JD
Accounting profit for the year	13,588,965	13,649,967
Non-taxable profit	(11,885,050)	(7,198,893)
Expenses not deductible for tax purposes	14,083,165	9,115,670
Taxable profit	15,787,080	15,566,744
Income tax percentage for the bank	30%	30%
Deferred taxes percentage for the bank	30%	30%
Income tax percentage for the subsidiary companies	24%	24%
Deferred tax percentage for the subsidiary companies	24%	24%

20. Other Liabilities

This item consists of the following:

	December 31,	
	2012	2011
	JD	JD
Brokerage receivable	1,063,231	722,132
Accepted and certified checks	1,070,866	1,145,357
Accrued interest	1,687,103	1,818,056
Various creditors	863,843	2,272,813
Shareholders' deposits	131,192	186,484
Deposits on safe deposit boxes	44,275	30,525
Credit accounts in suspense	20,886	21,935
Accrued expenses	1,112,962	1,032,525
Scientific research and vocational training	183,281	183,281
Scientific research and vocational training and technical fees	-	56,601
Board of Directors' remunerations	55,000	55,000
Other liabilities	2,993,319	1,551,946
Total	9,225,958	9,076,655

21. Paid-up Capital

Authorized and paid-up capital amounted to JD 100 million distributed over 100 million shares at a par value of JD 1 per share as of the end of the year 2012 (JD 88,250,000 million per share as of December 31, 2011).

The General Assembly decided in their extraordinary meeting held on June 15, 2011, to increase the bank's capital up to the balance of the authorized and paid up capital from JD 85,250,000 per share to JD 100,000,000 million per share giving an increase of JD 14,750,000 through private offering of JD 14,750,000 shares at a par value of 1 JD per share for the registered investors at the bank. On April 10, 2012, the bank completed the capital increase in the amount of JD 14,750,000 to make the subscribed and paid up capital JD 100 million This process was made in two stages, the first throught a private offering of JD 14,116,574 per share out up JD 14,750,000 per share and the second through the unsubscribed shares related to offering rights that have not been used of JD 633,426 per share which were sold through the financial market.

22. Reserves

The details of the reserves as of December 31, 2012 are as follows:

a- Statutory Reserve:
This account represents the accumulated amount of appropriations from income before tax for prior years at 10% at the end of the year 2010 according to the Banks Law. This amount is not to be distributed to shareholders.

b- General Banking Risks Reserve This item represents the general banking risks reserve according to the Central Bank of Jordan's instructions.

c- The details of the restricted reserves are as follows:

Reserve	December 31,		Nature of Restriction
	2012	2011	
	JD	JD	
Statutory reserve	16,055,800	14,710,442	Restricted according to the Banks Law
General banking risks reserve	3,805,907	3,180,766	Restricted according to the Central Bank of Jordan Regulations

23. Fair Value Reserve - Net

This item consists of the following:

	December 31,	
	2012	2011
	JD	JD
Balance - beginning of the year	1,035,208	-
Effect of early adoption of IFRS (9)	-	1,235,675
Deferred tax liabilities	301,849	85,915
Unrealized (losses)	(1,077,549)	(286,382)
Gains of sale of financial assets through other comprehensive income	71,384	-
Balance - End of the Year *	330,892	1,035,208

* The fair value reserve is presented as a net after deducting deferred tax liabilities of JD 141,810 as of December 31, 2012 against JD 443,660 as of December 31,2011.

24. Retained Earnings

This item consists of the following:

	December 31,	
	2012	2011
Balance - beginning of the year	13,129,048	9,746,611
Effect of early adoption of IFRS (9)	-	2,885,693
Adjusted balance	13,129,048	12,632,304
Profit for the year	11,218,390	9,594,044
(Losses) of sale of financial assets through other comprehensive income	(60,996)	-
(Transferred) to reserves	(1,970,499)	(1,347,300)
Transferred to capital increase *	-	(7,750,000)
Dividends **	(8,000,000)	-
Ending Balance	14,315,943	13,129,048

- Included in retained earnings is an amount of JD 4,552,123 restricted against deferred tax assets as of December 31, 2012 (JD 2,131,456 as of December 31, 2011).

- Retained earnings include an amount of JD 1,598,599 as of December 31, 2012 which represents the effect of early adoption of IFRS (9). These amounts are restricted amounts and cannot be utilized unless realized as instructed by the Jordan Securities Commission.

* During the year 2011, an amount of JD 7.75 million was capitalized from retained earnings, equivalent to 10.714% of capital as shares for the profits of 2010.

** The general assembly of shareholders decided to distribute dividends in an amount of JD 8 million from retained earnings for the year 2010.

25 - Proposed Dividends:

a. The Board of Directors decided to recommend to the General Assembly of Shareholders to distribute JD 8 million for the year 2012 equivalent to 8% of capital and is subject to the approval of the general assembly of shareholders. In addition, the General Assembly of Shareholders approved the Board of Directors' recommendation in their extraordinary meeting to distribute JD 8 million for the year 2011, equivalent to 8% of capital.

26. Non-Controlling Interest

This item consists of the following:

	December 31, 2012			December 31, 2011		
	Non-Controlling Interest Share	Non-Controlling Interest Share of Net Profit	Non-Controlling Interest Share of Net Assets	Non-Controlling Interest Share	Non-Controlling Interest Share of Net (Loss)	Non-Controlling Interest Share of Net Assets
	%	JD	JD	%	JD	JD
Tamkeen leasing Company	10	20,963	527,638	10	(8,322)	291,678
Al-Istethmari LeTamweel Selselat Al Imdad	6	13,018	196,836	6	9,831	183,750
		33,981	724,474		1,509	475,428

27. Interest Income

This item consists of the following:

	2012	2011
	JD	JD
Direct credit facilities:		
Individuals (retail):		
Overdraft	1,107,691	1,142,459
Loans and promissory notes	3,100,839	3,272,588
Credit cards	287,110	237,684
Real estate loans	5,719,720	5,123,583
Companies		
Large companies		
Overdraft	6,729,639	5,071,767
Loans and promissory notes	15,894,933	15,292,979
Medium and small companies		
Overdraft	1,606,684	1,314,483
Loans and promissory notes	2,435,085	1,566,835
Government and public sector	11,616	77,153
Balances at the Central Bank of Jordan	47,455	-
Balances and deposits at banks and financial institutions	432,609	337,989
Financial assets at fair value through profit or loss	202,647	267,678
Financial assets at amortized cost *	8,011,015	7,752,825
Total	45,587,043	41,458,023

* This item consists of JD 682,820 which represents the interest resulting from the repurchase agreement of the treasury bills.

28. Interest Expense

This item consists of the following:

	2012	2011
	JD	JD
Deposits at banks and financial institutions	555,476	548,555
Customers Deposits:		
Current and demand accounts	1,506,870	1,674,879
Saving accounts	9,850	6,535
Time and notice deposits	14,642,200	12,249,067
Certificates of deposit	59,977	269,939
Cash margins	681,699	828,612
Borrowed funds *	804,761	219,103
Deposit guarantee fees	951,772	932,206
Total	19,212,605	16,728,896

* This item consist of JD 409,769 which represents the interest expense resulting from the repurchase agreement of the treasury bills.

29. Net Commissions Income

This item consists of the following:

	2012	2011
	JD	JD
Commissions Income:		
Direct credit facilities commissions	2,264,454	1,807,574
Indirect credit facilities commissions	1,968,416	1,807,537
Brokerage commissions	377,832	629,920
Other commissions	930,523	739,783
Total Commissions Income	5,541,225	4,984,814
Less: Commissions expense	618,855	675,593
Net Commissions Income	4,922,370	4,309,221

30. Income from Foreign Currency Exchange

This item consists of the following:

	2012	2011
	JD	JD
Gains from foreign currencies trading / dealing	3,042,263	3,048,906
Gains from revaluation	102,127	152,524
Total	3,144,390	3,201,430

31. Income from Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	Realized Gains	Unrealized	Dividends	
	(Losses)	(Losses)	Income	Total
	JD	JD	JD	JD
Year 2012				
Companies shares	60,630	(517,232)	404,956	(51,646)
Investment funds	-	(13,678)	-	(13,678)
Companies bonds and debentures	20,568	127,551	-	148,119
Total	81,198	(403,359)	404,956	82,795
Year 2011				
Companies shares	2,772,671	(814,476)	424,170	2,382,365
Investment funds	-	(30,219)	-	(30,219)
Companies bonds and debentures	(5,972)	(121,250)	-	(127,222)
Total	2,766,699	(965,945)	424,170	2,224,924

32. Other Income

This item consists of the following:

	2012	2011
	JD	JD
Rental of safe deposit boxes	18,930	14,210
Bonded income	482,778	432,122
Telex income	241,362	292,589
Income from sale of assets seized by the bank	591,935	13,524
Income from sale of property and equipment *	4,350,855	3,273
Recovered from written off debts	1,057,542	436,211
Other	251,432	108,161
Total	6,994,834	1,300,090

* A number of fixed assets for the bank have been sold which were represented in lands and buildings for the old head quarters for an amount of JD 9.1 million and which had a book value at the date of sale of JD 4.8 million for one of the Jordanian banks.

This transaction resulted in a gain of JD 4.3 million for the year ended December 31, 2012.

33. Employees Expenses

This item consists of the following:

	2011	2010
	JD	JD
Salaries benefits, bonuses and employees' increments	7,691,934	6,172,342
Bank's share in social security	711,630	558,366
Medical expenses	292,041	292,134
Per diems	6,823	3,895
Travel expenses	79,421	23,149
Training and research	36,421	30,685
Employees life insurance	24,929	19,642
Total	8,843,199	7,100,213

34. Other Expenses

This item consists of the following:

	2012	2011
	JD	JD
Rent	524,970	417,238
Stationery	153,662	113,432
Advertisements	495,205	461,270
Subscriptions and fees	532,173	637,984
Telecommunication and courier expenses	502,863	591,366
Maintenance, repair and programe liscences	866,686	311,401
Insurance expenses	64,820	55,636
Legal fees and expenses	118,419	116,155
Water, electricity and heating	350,322	173,818
Professional fees	219,671	272,271
Consultation expenses	180,552	453,378
Fine expenses	5,779	7,280
Board of Directors' transportation	66,890	55,821
Donations	112,990	83,331
Board of Directors' remunerations	55,000	51,667
Archiving expenses	38,400	45,980
Others	467,929	543,066
Total	4,756,331	4,391,094

35. Earnings Per Share for the Year Attributable Bank Shareholders

The details of this item are as follows:

	2012	2011
Income for the year	11,218,390	9,594,044
	Share	Share
Weighted average number of shares *	99,155,174	85,250,000
	JD/ Share	JD/ Share
Earnings per share for the year attributable Bank shareholders	- /113	- /112

* As mentioned in Note (1/A) the bank's paid-up capital has been increased during the year ended December 31, 2012 to 100 million share on different periods and based on that, the weighted average number of shares has been calculated in accordance with IAS (33).

36. Cash and Cash Equivalents

The details of this items are as follows:

	2012	2011
	JD	JD
Balances at the Central Bank due within 3 months	47,545,437	39,366,571
Add: Balances at banks and financial institutions due within 3 months	70,630,082	79,108,582
Less: Banks and financial institutions deposits due within 3 months	11,044,231	18,270,292
Borrowing from the Central Bank of Jordan due within three months	17,921,471	-
Cash and Cash Equivalents	89,209,817	100,204,861

37. Financial Derivatives

The details of financial derivatives outstanding at the end of 2012 is as follows:

	Maturity of Nominal Value						
	Positive Fair Value	Negative Fair Value	Total Nominal Amounts	Within 3 Months	Form 3 Months up to 12 Months	From 1 Year up to 3 Years	More than 3 Years
Year 2012	JD	JD	JD	JD	JD	JD	JD
Trading Derivatives:							
Forward sales contracts in foreign currencies	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Forward purchase contracts in foreign currencies	-	-	-	-	-		-
	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

- The nominal value represents the deals value outstanding at year-end and does not represent market risks or credit risks.

The details of financial derivatives outstanding at the end of 2011 is as follows:

	Maturity of Nominal Value						
	Positive Fair Value	Negative Fair Value	Total Nominal Amounts	Within 3 Months	Form 3 Months up to 12 Months	From 1 Year up to 3 Years	More than 3 Years
Year 2011	JD	JD	JD	JD	JD	JD	JD
Trading Derivatives:							
Forward sales contracts in foreign currencies	9,440	(293,270)	3,364,403	158,652	3,205,751	-	-
	9,440	(293,270)	3,364,403	158,652	3,205,751	-	-
Forward purchase contracts in foreign currencies	297,430	(9,220)	3,366,052	158,616	3,207,436		-
	297,430	(9,220)	3,366,052	158,616	3,207,436	-	-
Total	306,870	(302,490)	6,730,455	317,268	6,413,187	-	-

38. Related Parties Transactions

The consolidated financial statements include the financial statements of the bank and the subsidiary companies as follows:

Company's Name	Ownership	Company›s Capital	
		2012	2011
	%	JD	JD
Al-Mawared for financial brokerage	100	10,000,000	10,000,000
Tamkeen leasing Company	90	5,000,000	3,000,000
Al Istethemari Letamweel Selselat Al Imdad	94	3,000,000	3,000,000
Jordan factoring	100	30,000	-

The Bank entered into transactions with members of the Board of Directors, executive management, subsidiary companies and major shareholders within the normal banking practice ac ording to the commercial interest rates and commissions.All credit facilities granted to related party companies represent performing credit facilities and no provision has been taken thereon (except as mentione below). The following represents a summary of transactions with related parties during the year and previous year:

	Related Party			Total December 31,	
	Subsidiary Companies	Board of Directors Members and Executive Management	Others (Employees, Employees Relatives, Relatives of Members of the Board of Directors, Executive Management and Controlled Companies	2012	2011
	JD	JD	JD	JD	JD
On-Financial Position Statement Items:					
Credit facilities	1,141,564	8,154,182	36,545,983	45,841,729	43,062,043
Provision for impairment in credit facilities	-	-	1,140,254	1,140,254	1,087,856
Deposits and current accounts	1,119,314	3,864,066	27,067,475	32,050,855	23,483,842
Off-Financial Position Statement Items:					
Letters of guarantee	46,721	-	1,039,726	1,086,447	1,289,576
Letters of credit	574,000	5,300	11,068,299	11,647,599	13,334,845
Statement of Income:					
Interest and commissions received	66,226	593,043	3,059,128	3,718,397	2,764,205
Interest and commissions paid	68,212	128,865	936,341	1,133,418	904,320
Provision for impairment in credit facilities		-	52,398	52,398	811,221
Additional Information					
Underwatch credit facilities	-	-	13,833,087	13,833,087	14,481,609
Provision for underwatch credit facilities	-	-	207,496	207,496	217,125
Non-performing credit facilities	-	-	1,036,123	1,036,123	942,851
Provision for non-performing credit facilities	-	-	932,758	932,758	870,731
Interest in suspense	-	-	103,365	103,365	30,652

* All those amounts and transactions are eliminated from the consolidated financial statements and are shown for explanatory purposes only.

Maximum credit interest rate 18%	Maximum credit commission 1%
Minimum credit interest rate 3%	noissimmoc tiderc muminim 0.5%
Maximum debit interest rate 4%	Maximum debit Interest rate 0%

The following is a summary of the executive management salaries and benefits

	2012	2011
Salaries and benefits	1,350,101	1,313,298

39. Risk Management

General framework of Risk Management

The Risk Management and Compliance Committee have set the risk management framework for the Bank. Moreover, the Board of Directors has established the Risk Management and Compliance Committee, formed by the Board Members and Executive Management. Its objective is to monitor and control the various risks (credit risks, operating risks, market risks and compliance risks) or any other risks the Bank may get exposed to.

The Risk Management and Compliance Committee's tasks are as follows:

1.To supervise the management of the risk policy, and ensure that the Risk Management and Compliance Department achieves its objectives according to the approved policies.

2.To ensure appropriate and sufficient support for the Risk Management and Compliance Department in achieving its objectives in accordance with the approved policies and procedures and the Central Bank's instructions.

3.To ensure the availability of work procedures for Risk Management in compliance with the various management risk policies at the Bank.

4.To verify the adoption of new methods in managing and evaluating the Bank's risks such as stress testing, what-if analysis, and economic capital.

5.To determine the bases and principles of managing risks regarding risk acceptance, risk rejection, risk transfer and risk mitigation.

6.To review periodical reports of the Risk Management and Compliance Department.

7.To ensure that the Bank adheres to the Central Bank of Jordan instructions.

The department manages the Bank's various risks (credit risk, operating risk, market risk, compliance risk, and other risks) within the general framework of Risk Management. The role of the department could summarized as follows:

1. Risk Identification.

2. Risk Assessment.

3. Risk Control / Mitigation.

4. Risk Monitoring.

Internal Capital Adequacy Assessment Process:

According to the instructions of the Central Bank of Jordan – Basel II (Second Pillar), and to enable the Bank to efficiently manage the risks it is exposed to, the Bank has to identify the risks matrix through which the acceptable risk (risk appetite) for each type of risk is specified. The amount of these risks will be calculated according to the methodology used in Basel Standard II – i.e. tying risk with capital and specifying the utilized capital against each type of risk. Consequently, the higher the risks, the greater the Bank's need for capital to cover these risks. This methodology will help the Bank in connecting risk appetite with capital, monitoring risk limits to determine the Bank's risk profile size, and perform amendments to reach the targeted risk appetite.

The Bank has identified the risks to be measured, managed, and controlled as follows:

1.Credit Risk.

2.Market Risk.

3.Operational Risk.

4.Concentration Risk:

- Credit Concentration Risk.
- Other Concentration Risks

5.Residual Risk:

- From adopting credit risk mitigation through the standard method.
- From applying the simple indicator method of the operating risk account.
- From using the standard method of the market risk account.

6. Interest Rate Risk in the Banking Book.

7. Liquidity Risk.

8. Strategic Risk.

9. Reputation Risk.

10. Business Cycle.

11. Compliance Risk.

12. Stress Test.

39. a. Credit Risks

Credit risks are defined as the probability of not fully recovering the debt or interest in the specified time causing financial losses to the Bank.

Moreover, credit risk represents the major portion banks are exposed to in general (representing 60% or 70% of the risks banks are exposed to). In recognition of this reality, the Bank has accorded credit risk management's great significance through managing credit risks at the portfolio level, economic sector level, group level, or single customer level, taking into consideration the achievement of an appropriate return on the risks the Bank is exposed to.

To achieve this, based on the risk management strategy, the Bank has performed the following:

1. The risk appetite and ceilings are based on credit risk commensurate with the acceptable risk limits adopted by the Board of Directors and Risks and Compliance Department. Risk limits are set for each client, group and economic sector, in order to mitigate the Bank's exposure to credit risk concentrations.

2. A risk rating system is prepared. It consists of 12 degrees and takes into account all factors leading to increased credit risk for the client. In addition, it helps the Bank detect the credit risk early on so that it can address and mitigate the risk before it increases. Moreover, the Bank has signed an agreement with SUNGARD Company for the purchase of an automated system to apply this system.

3. Credit risk is mitigated through credit risk factors (collaterals such as real estate, shares or other) commensurate with the credit risk faced by the Bank to cover any unexpected subsequent events.

4. Proper legal and credit documentation is applied for all conditions associated with the credit facilities.

Scheduled Debts:

These debts are debts previously classified as non-performing credit facilities but taken out therefrom according to proper scheduling. They have been classified as «debts under control» and amounted to JD 3,921,900 as of December 31, 2012 (against JD 14,895,919 for the year 2011).

Restructured Debts:

Restructuring means rearranging credit facilities installments through increasing their duration, postponing some installments, or increasing the grace period. Restructured debts amounted to JD 45,956,358 for the year 2012 (against JD 17,334,040 for the year 2011).

3. Bonds, Bills, and Debentures

The following table illustrates the classification of bonds, bills, and debentures according to external rating institutions:

Rating Grade	Rating Institution	Within Financial Assets at Fair Value through Profit or Loss	Within Financial Assets at Amortized Cost	Total
		JD	JD	JD
BB	S&P	575,857	-	575,857
Unclassified		2,597,149	13,650,022	16,247,171
Governmental		-	91,744,458	91,744,458
		3,173,006	105,394,480	108,567,486

1. Credit risk exposure (less the impairment provision and interest in suspense and before guarantees and other risk - mitigating factors):

	December 31,	
	2012	2011
On Financial Position statement Items:	JD	JD
Balances at the Central Bank	41,387,362	34,017,906
Balances at banks and financial institutions	70,630,082	79,108,582
Deposits at banks and financial institutions	230,778	3,942,065
Credit facilities:		
Individuals	31,838,144	34,529,250
Real estate loans	63,811,774	54,171,705
Companies		
Large companies	269,875,368	236,625,837
Small and medium institutions (SMEs)	38,785,982	23,790,608
Government and public sector	-	891,122
Bonds, Bills and Debentures:		
Financial assets at fair value through profit or loss	3,173,006	4,546,002
Financial assets at amortized cost	105,394,480	143,208,743
Financial derivatives instruments	-	4,380
Other assets	5,685,901	2,944,729
Off Financial Position Statement Items:		
Letters of guarantee	94,832,402	110,350,298
Letters of credit	24,482,091	23,968,299
Letters of acceptance	9,238,413	9,167,663
Unutilized facility ceilings	22,095,684	9,329,940
Total	781,461,467	770,597,129

To cover the above credit risk exposures, the Bank uses the following risk mitigating factors within the conditions of the credit policy set by the Bank:

1. Cash collaterals.
2. Accepted bank letters of guarantee.
3. Real estate mortgages.
4. Listed shares collaterals.
5. Vehicles and equipment mortgages.

2. Credit exposures according to the degree of risk:

Credit exposures according to the degree of risk are distributed according to the following table:

	Individuals	Real Estate Loans	Companies		Government and Public Sector	Banks and Other Financial Institutions	Total
			Large	Small and Medium			
December 31, 2012	JD	JD	JD	JD	JD	JD	JD
Low risk	3,826,204	-	12,972,721	1,616,710	135,133,178	-	153,548,813
Acceptable risk	27,574,213	67,459,030	207,228,522	35,851,214	-	70,860,860	408,973,839
Of which is due:*							
within 30 days	112,563	38,941	762,547	241,589	-	-	1,155,640
from 31 to 60 days	205,628	418,647	1,652,368	304,859	-	-	2,581,502
Under watch	2,022,082	1,256,317	49,851,824	2,983,047	-	-	56,113,270
Non-performing:							
Below level	123,974	336,256	26,980	583,806	-	-	1,071,016
Allowance provided	32,211	38,569	474,778	2,751,855	-	-	3,297,413
Bad debt	5,139,513	3,209,678	35,246,473	5,899,868	-	-	49,495,532
Total	38,718,197	72,299,850	305,801,298	49,686,500	135,133,178	70,860,860	672,499,883
Less: Impairment provision	5,637,995	6,018,234	12,503,281	9,734,939	-	-	33,894,449
Interest in suspense	1,242,058	2,469,842	2,915,078	1,165,579	-	-	7,792,557
Net	31,838,144	63,811,774	290,382,939	38,785,982	135,133,178	70,860,860	630,812,877

- Credit exposures (financial assets and investments in financial assets) are distrusted according to the credit classification.

Credit Classification	Government and public sector	Financial institutions
(AAA to AA-)	-	6,102,871
(A+to A-)	-	36,096,524
(BBB+to B-)	-	6,781,802
(BB+to B-)	135,133,178	13,682,079
Less than (B-)	-	-
not classified	-	8,197,584
Total	135,133,178	70,860,860

	Individuals Individuals	Real Estate Loans	Companies		Government and Public Sector	Banks and Other Financial Institutions	Total
			Large	Small and Medium			
December 31, 2011	JD	JD	JD	JD	JD	JD	JD
Low risk	1,005,963	-	3,526,981	1,401,223	166,070,267	-	172,004,434
Acceptable risk	30,969,426	27,783,117	194,507,493	19,599,507	-	83,050,647	355,910,190
Of which is due:*							
within 30 days	102,965	15,259	5,776,837	33,659	-	-	5,928,720
from 31 to 60 days	74,896	235,092	1,121,151	78,562	-	-	1,509,701
Under watch	2,594,929	20,443,048	48,195,834	4,424,840	-	-	75,658,651
Non-performing:							
Below level	542,185	374,890	137,633	196,056	-	-	1,250,764
Allowance provided	1,370,171	1,055,898	5,403,667	920,391	-	-	8,750,127
Bad debt	6,321,236	11,225,549	18,680,422	4,548,513	-	-	40,775,720
Total	42,803,910	60,882,502	270,452,030	31,090,530	166,070,267	83,050,647	654,349,886
Less: Impairment provision	7,107,452	5,541,174	12,349,467	6,317,682	-	-	31,315,775
Interest in suspense	1,167,208	1,169,623	1,934,111	982,240	-	-	5,253,182
Net	34,529,250	54,171,705	256,168,452	23,790,608	166,070,267	83,050,647	617,780,929

- Credit exposures (financial assets and investments in financial assets) are distrusted according to the credit classification.

Credit Classification	Government and public sector	Financial institutions
(AAA to AA)	-	28,573,085
(A+to A-)	-	20,776,170
(BBB+to B-)	-	8,379,479
(BB+ to B-)	166,070,267	-
Less than (B-)	-	-
not classified	-	25,321,913
Total	166,070,267	83,050,647

* The whole debt balance becomes due when one of the installments or interest is due. Moreover, the overdraft account becomes due whenever it exceeds the ceiling.

- Credit exposures include credit facilities, balances and deposits at banks in addition to financial assets.

The following table breaks down the fair value of collaterals held as security for credit facilities:

			Companies			Total
	Individuals	Real Estate Loans	Large	Small and Medium	Government and Public Sector	
2012	JD	JD	JD	JD	JD	JD
Gurantees against:						
Low risk	3,826,204	-	12,972,721	1,616,710	-	18,415,635
Acceptable risk	14,620,162	46,953,211	97,346,683	3,365,269	-	162,285,325
Under watch	2,012,569	11,235,693	49,856,398	2,563,411	-	65,668,071
Non-performing:						
Below level	65,365	653,987	2,956,365	985,636	-	4,661,353
Allowance provided	1,452,696	986,748	4,365,265	602,111	-	7,406,820
Bad debt	2,452,398	6,948,252	16,856,958	9,156,398	-	35,414,006
Total	**24,429,394**	**66,777,891**	**184,354,390**	**18,289,535**	**-**	**293,851,210**
Of it:						
Cash margins	4,523,984	-	10,238,687	3,652,964	-	18,415,635
Accepted letters of guarantee	-	-	-	-	-	-
Real estate	13,652,698	66,777,891	163,689,837	13,625,045	-	257,745,471
Trade stocks	620,536	-	6,856,325	-	-	7,476,861
Vehicles and equipment	5,632,176	-	3,569,541	1,011,526	-	10,213,243
Total	**24,429,394**	**66,777,891**	**184,354,390**	**18,289,535**		**293,851,210**

4. Credit Risk Exposure According to Geographical Areas:

The following table breaks down the fair value of collaterals held as security for credit facilities:

			Companies			Total
	Individuals	Real Estate Loans	Large	Small and Medium	Government and Public Sector	
2011	JD	JD	JD	JD	JD	JD
Gurantees against:						
Low risk	1,005,963	-	3,526,981	1,401,223	-	5,934,167
Acceptable risk	14,526,966	41,647,111	86,125,368	5,633,258	-	147,932,703
Under watch	1,692,979	12,649,460	31,596,547	862,547	-	46,801,533
Non-performing:						
Below level	75,896	489,667	516,847	-	-	1,082,410
Allowance provided	1,789,652	853,694	2,563,964	633,389	-	5,840,699
Bad debt	2,011,589	1,523,647	11,027,741	8,255,636	-	22,818,613
Total	**21,103,045**	**57,163,579**	**135,357,448**	**16,786,053**	**-**	**230,410,125**
Of it:						
Cash margins	1,005,963	-	3,526,981	1,401,223	-	5,934,167
Accepted letters of guarantee	-	-	-	-	-	-
Real estate	11,337,987	57,163,579	125,768,456	14,399,469	-	208,669,491
Trade stocks	3,906,400	-	4,365,425	-	-	8,271,825
Vehicles and equipment	4,852,695	-	1,696,586	985,361	-	7,534,642
Total	**21,103,045**	**57,163,579**	**135,357,448**	**16,786,053**	**-**	**230,410,125**

Item	Geographical Area						Total
	Inside Jordan	Middle East Countries	Europe	Asia *	America	Other Countries	
	JD	JD	JD	JD	JD	JD	JD
Balances at the Central Bank	41,387,362	-	-	-	-	-	41,387,362
Balances at banks and financial institutions	13,606,168	8,586,892	41,163,001	35,798	5,963,073	1,275,150	70,630,082
Deposits at banks and financial institutions	-	-	187,320	-	-	43,458	230,778
Credit facilities:							
Individuals	31,838,144	-	-	-	-	-	31,838,144
Real estate loans	63,811,774	-	-	-	-	-	63,811,774
Companies:							
Large companies	269,875,368	-	-	-	-	-	269,875,368
Small and medium institutions (SMES)	38,785,982	-	-	-	-	-	38,785,982
Government and Public Sector	-	-	-	-	-	-	-
Bonds, bills, and debentures:							
Financial assets at fair value through profit or loss	575,857	2,249,739	-	-	-	347,410	3,173,006
Financial assets at amortized cost	105,394,480	-	-	-	-	-	105,394,480
Financial derivatives instruments	-	-	-	-	-	-	-
Other assets	5,685,901	-	-	-	-	-	5,685,901
Total / the current year	570,961,036	10,836,631	41,350,321	35,798	5,963,073	1,666,018	630,812,877
Total / comparative figures	563,595,328	2,920,933	28,358,121	36,298	17,298,839	5,571,410	617,780,929

* Excluding Middle East Countries.

Exposure According to Economic Sector:

Item	Economic Sector								Total
	Financial	Industrial	Trading and Services	Real Estate	Agricultural	Shares	Individuals	Government and Public Sector	
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at the central bank	-	-	-	-	-	-	-	41,387,362	41,387,362
Balances at banks and financial institutions	70,630,082							-	70,630,082
Deposits at banks and financial institutions	230,778	-	-	-	-	-	-	-	230,778
Credit facilities	99,965,636	73,449,171	152,365,875	38,212,365	6,109,537	21,856,359	12,352,325	-	404,311,268
Bonds, bills and debentures:									
Financial assets at fair value through profit or loss	3,173,006	-	-	-	-	-	-	-	3,173,006
Financial assets at amortized cost	998,664	-	10,650,000	-	-	-	-	93,745,816	105,394,480
Financial derivatives instruments	-	-	-	-	-	-	-	-	-
Other assets	5,685,901	-	-	-	-	-	-	-	5,685,901
Total for the current year	180,684,067	73,449,171	163,015,875	38,212,365	6,109,537	21,856,359	12,352,325	135,133,178	630,812,877
Total/comparative figures	153,272,173	83,514,156	110,798,468	56,239,312	5,136,606	14,193,316	28,556,633	166,070,265	617,780,929

39. b. Operational Risk

Operating risk is defined as "the loss resulting from the failure or inadequacy of the internal procedures, the human factor and systems, or from external events including legal risks.

Operational risks at banks constitute from 15% to 20% of the risks banks are exposed to. These risks directly or indirectly impact the banks net profits through either decreasing the expected profits or increasing the expected expenses. To manage these risks, the Bank has set up an automatic system for the identification of these risks, determination of the adequacy of the internal control system and procedures, and efficiency of the human element to mitigate these risks in addition to the identification of operating risks that confronted the Bank or other banks in the past, and consequently, spotting the events causing them. This is to enable the Bank to remedy them and to benefit from the mistakes causing these risks. In this regard, the Bank has implemented the following:

- Control & Risk Self Assessment (CRSA).
- Key Risk Indicator (KRI).
- Key Risk Driver (KRD).

Compliance Risk

This represents the risks that arise from the probability that the Bank may not comply with (violate / transgress) the prevailing laws, regulations, instructions, banks laws, and code of ethics issued by international and local regulatory authorities.

Compliance with the regulations and prevailing laws issued by the regulatory authorities represent one of the most important risks the Bank might be exposed to, due to the major financial losses resulting from the violation of the laws and instructions that affect the Bank's reputation. Moreover, the past few years witnessed many new regulations, instructions and laws organizing the work of the various institutions. Accordingly, the need for managing the compliance risk of the Bank is necessary. Moreover, compliance enhances the efficiency of managing risks and decreases the risk the Bank might be exposed to resulting from noncompliance with the prevailing laws and instructions.

39.c Market Risk

Market risk is potential losses that may arise from the changes in market prices such as the change in interest rates, foreign currency exchange rates, and prices of shares and products.

The Board of Directors has set limits for the acceptable risk levels for managing the financial portfolio market risks. Moreover, the Bank periodically applies the appropriate methodology to evaluate market risks and sets estimates for the probable economic losses based on a set of assumptions and changes in market conditions. The following are the methods used by the Bank to measure market risks:

1-Value at Risk (VaR)

2-Daily Earnings at Risk (DEaR)

3-Stress Testing

4- Scenario Analysis

c.1. Interest Rate Risk:

Interest rate risk results from the potential change in interest rates, and consequently, the potential impact on the cash flows or the fair value of financial instruments.

The Bank is exposed to interest rate risks as a result of the timing gaps of repricing assets and liabilities. These gaps are periodically monitored by the Assets and Liabilities Committee (ALCO). Moreover, various hedging methods are used to remain within the acceptable interest rate gap limits.

Sensitivity analysis:

December 31, 2012			
Currency	**Increase in Interest Rate**	**Impact on Profits and (Losses)**	**Owners' Equity Sensitivity**
	%	JD	JD
US Dollar	2%	70,120	-
Euro	2%	2,049	-
GBP	2%	(826)	-
Japanese Yen	2%	(4,273)	-
Other currencies	2%	36,431	-
Currency	**Increase in Interest Rate**	**Impact on Profits and (Losses)**	**Owners' Equity Sensitivity**
	%	JD	JD
US Dollar	2%	(70,120)	-
Euro	2%	(2,049)	-
GBP	2%	826	-
Japanese Yen	2%	4,273	-
Other currencies	2%	(36,431)	-
December 31, 2011			
Currency	**Increase in Interest Rate**	**Impact on Profits and (Losses)**	**Owners' Equity Sensitivity**
	%	JD	JD
US Dollar	2%	(181,322)	-
Euro	2%	37,560	-
GBP	2%	27,747	-
Japanese Yen	2%	(1,174)	-
Other currencies	2%	(69,660)	-
Currency	**Increase in Interest Rate**	**Impact on Profits and (Losses)**	**Owners' Equity Sensitivity**
	%	JD	JD
US Dollar	2%	181,322	-
Euro	2%	(37,560)	-
GBP	2%	(27,747)	-
Japanese Yen	2%	(1,174)	-
Other currencies	2%	69,660	-

c.2. Foreign Currencies Risk

a. The following table illustrates the currencies to which the Bank is exposed to, the potential and reasonable change in their rates against the Jordanian Dinar and the related impact on the consolidated statement of income. The currencies' positions are monitored daily to ensure that they are within the determined limits. Moreover, the related reports are submitted to the Assets and Liabilities Committee and Board of Directors.

December 31, 2012			
Currency	Change in Foreign Currency Exchange Rate	Impact on Profits and Losses	Impact on Owners' Equity
	%	JD	JD
Euro	5%	5,122	-
GBP	5%	(2,064)	-
Japanese Yen	5%	(10,683)	-
Other currencies	5%	91,078	-
December 31, 2011			
Currency	**Change in Foreign Currency Exchange Rate**	**Impact on Profits and Losses**	**Impact on Owners' Equity**
	%	JD	JD
Euro	5%	93,902	-
GBP	5%	69,369	-
Japanese Yen	5%	2,935	-
Other currencies	5%	174,150	-

c.3. Risks of Changes in Shares Prices:

This represents the risk resulting from the decline in the fair value of the investment portfolio of the shares due to the changes in the value of the shares indicators and the change in the value of shares individually.

December 31, 2012			
Indicator of	Change in Indicator	Impact on Profit and Loss	Impact on Owners› Equity
		JD	JD
Amman Stock Exchange	5%	239,207	563,894
Palestine Stock Exchange	5%	44,215	44,842
December 31, 2011			
Indicator of	**Change in Indicator**	**Impact on Profit and Loss**	**Impact on Owners› Equity**
		JD	JD
Amman Stock Exchange	5%	325,268	472,339
Palestine Stock Exchange	5%	43,661	47,481

2012			Interest Rate Repricing Gap					
	Less than One Month	More than 1 Month Up to 3 Months	3 Months Up to 6 Months	More than 6 Months Up to 1 Year	From 1 Year Up to 3 Years	More than 3 Years	Non-Interest Bearing Items	Total
Assets:	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at the central bank	-	4,000,000	-	-	-	-	43,545,437	47,545,437
Balances at banks and financial institutions	56,113,437	-	-	-	-	-	14,516,645	70,630,082
Deposits at banks and financial institutions	-	-	187,320	43,458	-	-	-	230,778
Financial assets at fair value through profit or loss	-	-	680,807	-	1,911,379	580,820	6,416,930	9,589,936
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	12,174,711	12,174,711
Direct credit facilities - net	99,731,423	34,071,101	42,235,674	33,462,340	92,872,173	100,965,889	972,668	404,311,268
Financial derivatives	-	-	-	-	-	-	-	-
Financial assets at amortized cost	600,000	499,921	2,999,891	23,233,260	63,037,235	15,024,173	-	105,394,480
Property and equipment - net	-	-	-	-	-	-	21,488,869	21,488,869
Intangible assets	-	-	-	-	-	-	1,918,827	1,918,827
Deferred tax assets	-	-	-	-	-	-	4,552,123	4,552,123
Other assets	-	-	-	-	-	-	30,677,584	30,677,584
Total Assets	156,444,860	38,571,022	46,103,692	56,739,058	157,820,787	116,570,882	136,263,794	708,514,095
Liabilities:								
Deposits at banks and financial institutions	11,044,231	-	-	-	-	-	-	11,044,231
Customers' deposits	157,234,799	47,387,028	59,137,531	90,012,598	-	-	104,309,590	458,081,546
Cash margins	10,171,486	2,845,212	5,727,750	2,467,474	32,223,702	-	2,901,039	56,336,663
Borrowed funds	17,921,471	-	3,781,614	12,119,774	-	-	-	33,822,859
Sundry provisions	-	-	-	-	-	-	588,506	588,506
Income tax provision	-	-	-	-	-	-	3,564,655	3,564,655
Deferred tax liabilities	-	-	-	-	-	-	616,660	616,660
Other liabilities	-	-	-	-	-	-	9,225,958	9,225,958
Total Liabilities	196,371,987	50,232,240	68,646,895	104,599,846	32,223,702	-	121,206,408	573,281,078
Interest Rate Repricing Gap	(39,927,127)	(11,661,218)	(22,543,203)	(47,860,788)	125,597,085	116,570,882	15,057,386	135,233,017
2011								
Total Assets	162,990,921	24,793,804	83,612,478	51,319,744	92,202,198	162,856,147	113,996,682	691,771,974
Total Liabilities	275,495,657	88,521,301	44,931,675	33,285,465	31,691,456	-	85,948,954	559,874,508
Interest Rate Repricing Gap	(112,504,736)	(63,727,497)	38,680,803	18,034,279	60,510,742	162,856,147	28,047,728	131,897,466

Concentration in foreign currencies risk:

2012	Currency (Equivalent in Jordanian Dinars)					
	US Dollar	Euro	Sterling Pound	Japanese Yen	Others	Total
Assets						
Cash and balances at the Central Bank	9,271,502	783,461	42,899	-	108,187	10,206,049
Balances at banks and financial institutions	40,600,287	3,509,990	15,115,575	26,158	1,316,903	60,568,913
Deposits at banks and financial institutions	43,457	187,320	-	-	-	230,777
Financial assets at fair value through profit or loss	3,159,210	-	7,192	-	1,194,524	4,360,926
Financial assets at fair value through other comprehensive income	896,835	-	-	-	-	896,835
Direct credit facilities	45,699,938	3,044,609	-	-		48,744,547
Other assets	13,050,086	17,515	16,245	12,489	6,312	13,102,647
Total Assets	112,721,315	7,542,895	15,181,911	38,647	2,625,926	138,110,694
Liabilities:	1,231,394	323,503	47,105	100	1,238,778	2,840,880
Deposits at banks and financial institutions	81,089,492	14,044,242	8,374,684	223,553	2,674,564	106,406,535
Customers' deposits	23,212,981	-	-	-	-	23,212,981
Cash margins	213,425	1,794	4,534	-	7,145	226,898
Other liabilities	105,747,292	14,369,539	8,426,323	223,653	3,920,487	132,687,294
Total Liabilities						
Net Concentration on-Financial Position for the Current Year	6,974,023	(6,826,644)	6,755,588	(185,006)	(1,294,561)	5,423,400
Off-Financial Position Contingent Liabilities for the Current Year	48,506,276	12,222,139	1,246,450	3,692,435	1,184,452	66,851,752

2011	Currency (Equivalent in Jordanian Dinars)					
	US Dollar	Euro	Sterling Pound	Japanese Yen	Others	Total
Assets:						
Cash and balances at the Central Bank	8,147,385	494,186	185,318	-	68,232	8,895,121
Balances at banks and financial institutions	43,353,370	8,016,061	7,902,401	59,930	396,143	59,727,905
Deposits at banks and financial institutions	3,189,570	183,307	569,189	-	-	3,942,066
Financial assets at fair value through profit or loss	2,874,076	1,814,744	-	-	1,044,829	5,733,649
Financial assets at fair value through other comprehensive income	1,054,044	-	-	-	-	1,054,044
Direct credit facilities	24,382,203	5,431,332	59	-	-	29,813,594
Other assets	735,589	100,754	22,219	-	6,923	865,485
Total Assets	83,736,237	16,040,384	8,679,186	59,930	1,516,127	110,031,864
Liabilities:						
Deposit at banks and financial institutions	2,717,786	274,200	15,013	111	705,997	3,713,107
Customers' deposits	63,066,803	13,300,790	7,203,333	1,122	4,254,151	87,826,199
Cash margins	26,994,906	585,483	68,964	-	22,100	27,671,453
Other liabilities	22,836	1,878	4,491	-	16,881	46,086
Total Liabilities	92,802,331	14,162,351	7,291,801	1,233	4,999,129	119,256,845
Net Concentration on-Financial Position for the Current Year	(9,066,094)	1,878,033	1,387,385	58,697	(3,483,002)	(9,224,981)
Off-Financial Position Contingent Liabilities for the Current Year	123,783,702	30,691,157	219,750	-	1,733,016	156,427,625

39. d. Liquidity Risk:

Liquidity risk represents the Bank's inability to meet its obligations on their maturity dates. To ward off these risks, including the management of Assets and Liabilities, matching and analyzing their maturities, matching the maturities of short and long-term assets and liabilities, diversifying sources of funds, and maintaining an adequate fund of cash and cash equivalents and marketable securities, liquidity is managed and reviewed periodically at different levels. According to the Central Bank of Jordan instructions, the Bank maintains cash reserves to mitigate liquidity risks.

First : The following table illustrates the distribution of liabilities (undiscounted) on the basis of the remaining period to the contractual maturity at the date of the financial statements.

	Less than One Month	More than 1 Month up to 3 Months	More than 3 Months up to 6 Months	More than 6 Months up to 1 Year	From 1 Year Up to 3 Years	More than 3 Years	Non-Interest Bearing Items	Total
2012	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Deposits at banks and financial institutions	11,058,036	-	-	-	-	-	-	11,058,036
Customers' deposits	262,416,204	47,860,898	60,320,282	93,613,102	-	-	-	464,210,486
Cash margins	13,099,759	2,862,995	5,799,347	2,529,161	34,701,403	-	-	58,992,665
Borrowed funds	17,984,943	-	3,937,606	13,143,895	-	-	-	35,066,444
Sundry provisions	-	-	-	-	-	-	588,506	588,506
Income tax provision	3,564,655	-	-	-	-	-	-	3,564,655
Deferred tax liabilities	-	616,660	-	-	-	-	-	616,660
Other liabilities	5,807,265	1,980,594	1,438,099	-	-	-	-	9,225,958
Total Liabilities	313,930,862	53,321,147	71,495,334	109,286,158	34,701,403	-	588,506	583,323,410
Total Assets	221,896,140	38,571,022	46,104,092	56,739,058	157,820,787	116,570,882	70,812,114	708,514,095

	Less than One Month	More than 1 Month up to 3 Months	More than 3 Months up to 6 Months	More than 6 Months up to 1 Year	From 1 Year Up to 3 Years	More than 3 Years	Non-Interest Bearing Items	Total
2011	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Deposits at banks and financial institutions	16,873,357	1,423,318	-	-	-	-	-	18,296,675
Customers' deposits	318,395,830	85,244,447	40,280,312	29,533,487	-	-	-	473,454,077
Cash margins	4,321,967	5,451,005	4,406,756	3,516,042	38,773,671	-	-	56,469,442
Borrowed funds	-	-	-	2,758,818	1,369,959	-	-	4,128,777
Sundry provisions	-	-	-	-	-	-	952,789	952,789
Income tax provision	3,880,629	-	-	-	-	-	-	3,880,629
Deferred tax liabilities	-	925,740	-	-	-	-	-	925,740
Other liabilities	1,895,211	1,510,264	1,833,867	3,837,313	-	-	-	9,076,655
Total Liabilities	344,279,151	93,671,595	45,676,721	38,209,044	37,085,208	-	952,789	567,184,784
Total Assets	200,051,829	24,793,804	83,612,478	51,319,744	92,202,198	162,856,147	76,935,774	691,771,974

Second: Financial Derivatives

The following table summarizes the maturities of financial derivatives on the basis of the remaining period to the contractual maturity date from the date of the consolidated financial statements:

	Up to One Month	From One Month to 3 Months	From 3 Months to one Year	Total
2012	JD	JD	JD	JD
Trading derivatives:				
Currency derivatives	-	-	-	-
2011				
Trading derivatives:				
Currency derivatives	220	-	4,160	4,380

Third: Off-statement of financial position

	Up to One Year	From One Year to 5 Years	More than 5 Years	Total
	JD	JD	JD	JD
2012				
Letters of credit and acceptances	33,720,504	-	-	33,720,504
Unutilized credits	22,095,684	-	-	22,095,684
Guarantees	94,832,402	-	-	94,832,402
Operating lease contract liabilities	415,739	-	-	415,739
Capital liabilities	665,056	-	-	665,056
Total	151,729,385	-	-	151,729,385
2011				
Letters of credit and acceptances	33,135,962	-	-	33,135,962
Unutilized credits	9,329,940	-	-	9,329,940
Guarantees	110,350,298	-	-	110,350,298
Operating lease contract liabilities	306,507	-	-	306,507
Capital liabilities	277,949	-	-	277,949
Total	153,400,656	-	-	153,400,656

40. Sector Analysis

a. Information on the Bank Sectors Operation

- The Bank is organized for managerial purposes into three major sectors. Moreover, the Bank owns three subsidiaries: one conducts financial brokerage, the other financial lease, and the third bonded stores operation and management.

- Individuals Accounts: include following up on individual customers accounts, and granting them loans, credit, credit cards, and other services.

- Corporate Accounts: include following up on deposits, credit facilities, and other banking services related to customers.
- Treasury: includes providing dealing services and management of the Bank's funds.

The following table represents information on the Bank's sectors according to activities:

	Individuals	Corporations	Treasury	Financial Brokerage	Financial Leasing	Bonded Management	Others	Total For the Year Ended December 31,	
								2012	2011
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Gross income	5,315,205	23,813,806	3,205,186	1,518,311	780,125	1,044,207	6,468,298	42,145,138	36,492,291
Provision for direct credit facilities	1,581,977	(4,388,064)	-	(137,221)	-	-	-	(2,943,308)	(11,168,207)
Sundry provisions	-	-	-	-	-	-	(10,071,217)	(10,071,217)	1,388,000
Results of Business Sector	6,897,182	19,425,742	3,205,186	1,381,090	780,125	1,044,207	(3,602,919)	29,130,613	26,712,084
Less: Undistributed Expenditures over sectors	-	-	-	296,671	457,997	597,625	14,189,355	15,541,648	13,062,117
Income before Taxes	6,897,182	19,425,742	3,205,186	1,084,419	322,128	446,582	(17,792,274)	13,588,965	13,649,967
Less: Income tax	-	-	-	269,246	43,059	70,360	1,953,929	2,336,594	4,054,414
Income for the Year	6,897,182	19,425,742	3,205,186	815,173	279,069	376,222	(19,746,203)	11,252,371	9,595,553
								For the Year Ended December 31,	
								2011	2010
Sector's Assets	65,568,122	306,466,962	239,403,341	13,677,223	10,866,831	8,832,193	-	644,814,672	636,558,849
Assets not distributed over sectors	-	-	-	-	-	-	63,699,423	63,699,423	55,213,125
Total Assets	65,568,122	306,466,962	239,403,341	13,677,223	10,866,831	8,832,193	63,699,423	708,514,095	691,771,974
Sector's Liabilities	247,872,544	209,067,438	11,044,230	1,383,899	5,592,963	5,552,032	-	480,513,106	493,091,108
Liabilities not distributed over sectors	-	-	-	-	-	-	92,767,972	92,767,972	66,783,400
Total Liabilities	247,872,544	209,067,438	11,044,230	1,383,899	5,592,963	5,552,032	92,767,972	573,281,078	559,874,508
Capital Expenditures	-	-	-	5,057	27,711	9,286	1,626,668	1,668,722	3,423,845
Depreciation and amortization	-	-	-	6,622	20,121	38,280	1,877,095	1,942,118	1,570,810

b. Information on the geographical allocation:

This note represents the geographical distribution of the Bank's operations. The Bank performs its operations mainly in the Kingdom, and these operations represent the local operations.
The following is the geographical distribution of the bank's revenues, assets and capital expenditures according to geographical distribution:

	Inside Jordan		Outside Jordan		Total	
	2012	2011	2012	2011	2012	2011
	JD	JD	JD	JD	JD	JD
Total Revenue	61,976,598	53,896,780	-	-	61,976,598	53,896,780
Total Assets	708,514,095	691,771,974	-	-	708,514,095	691,771,974
Capital Expenditures	1,668,722	3,423,845	-	-	1,668,722	3,423,845

41. Capital Management

a. Description of Capital
According to the Central Bank of Jordan Law and in compliance with the capital adequacy requirements, capital consists of many parts:

- Primary capital made up of paid-up capital, declared reserves, (including statutory reserve, voluntary reserve, share premium (discount), treasury share premium, and other reserves), retained earnings, and non-controlling interest (if any) minus intangible assets, loss for the period, acquisition costs of treasury stock, provisions required by the Central Bank of Jordan, full amount of goodwill, and any restricted amounts.

- Supplementary capital provided that the general banking risk reserve does not exceed 1.25% of total credit risk weighted assets, subordinated debts, and the positive cumulative change in fair value at 45%, less the negative change balance provided that this part of capital does not exceed 100% of regulatory capital

- The third part consists of short-term subordinated loans to meet market risks. This part supplements capital and is utilized to face the potential losses from market risks.

Additionally, the Bank complies with Article (62) of the Bank Laws that requires the Bank to appropriate 10% of its net profits in the Kingdom and continue to do so until the reserve equals the Bank's paid-up capital. Moreover, the bank have subtracted an amount equals to the value of the violated real-estate that is seized according to the Article no. (48) from the Bank Laws no (28) for the year 2000 and its amendments for regulatory capital.

b. Regulatory Authorities Requirements Concerning Capital and Method of Fulfilling Them

The Bank considers the compatibility of the size of capital with the nature of risks it is exposed to, provided that paid-up capital is not less than the minimum required by the Central Bank of Jordan and regulatory capital is not less than 12% of the weighted value of credit and operating market risks. Furthermore, the minimum leverage ratio (equity to total assets) should not be less than 6%. Moreover, not less than 28.5% of market risks should be covered by regulatory capital.

e. The amount the Bank considers as capital and capital adequacy ratio are as follows:

	December 31,	
	2012	2011
	JD	JD
Subscribed and paid-up capital	100,000,000	85,250,000
Payments on capital increase	-	14,116,574
Statutory reserve	16,055,800	14,710,442
Retained earnings (net of restricted amounts)	4,717,344	3,513,576
Goodwill or any intangibles and deferred tax assets	(6,470,950)	(4,205,866)
Investments deducted from capital by 50%	(3,236,884)	(7,029,539)
Primary Capital	111,065,310	106,355,187
Fair value reserve as per IFRS (9)	148,901	465,844
General banking risks reserve	3,805,907	3,180,766
Investments deducted from capital by 50%	(3,236,885)	(3,646,610)
Additional Paid-up Capital	717,923	-
Total Capital Structure	111,783,233	106,355,187
Total risk weighted assets	673,569,266	589,763,583
Capital Adequacy Ratio (%)	16.59%	18.03%
Primary Capital Ratio (%)	16.49%	18.03%

42. Accounts Managed on Behalf of Customers

There are no investment portfolios managed by the Bank on behalf of customers.

43. Analysis of the Maturities of Assets and Liabilities:

The following table illustrates the analysis of assets and liabilities according to the expected period of their recoverability or settlement:

2012	Up to One Year	More than One Year	Total
	JD	JD	JD
ASSETS			
Cash and balances at the central bank	47,545,437	-	47,545,437
Balances at banks and financial institutions	70,630,082	-	70,630,082
Deposits at banks and financial institutions	230,778	-	230,778
Financial assets at fair value through profit or loss	7,097,737	2,492,199	9,589,936
Financial derivatives	-	-	-
Direct credit facilities	209,500,538	194,810,730	404,311,268
Financial assets at fair value through other comprehensive income	-	12,174,711	12,174,711
Financial assets at amortized cost	27,333,072	78,061,408	105,394,480
Fixed assets	-	21,488,869	21,488,869
Intangible assets	-	1,918,827	1,918,827
Deferred tax assets	-	4,552,123	4,578,481
Other assets	-	30,677,584	30,677,584
TOTAL ASSETS	**362,337,644**	**346,176,451**	**708,514,095**
LIABILITIES			
Deposits at banks and financial institutions	11,044,231	-	11,044,231
Customers deposits	458,081,546	-	458,081,546
Cash margins	24,112,961	32,223,702	56,336,663
Borrowed funds	33,822,859	-	33,822,859
Sundry provisions	-	588,506	588,506
Provision for income tax	3,564,655	-	3,564,655
Deferred tax liabilities	616,660	-	616,660
Other liabilities	9,225,958	-	9,225,958
TOTAL LIABILITIES	**540,468,870**	**32,812,208**	**573,281,078**
Net	**(178,131,226)**	**313,364,243**	**135,233,017**

Off-Financial Position Contingent Liabilities

2011	Up to One Year	More than One Year	Total
	JD	JD	JD
ASSETS			
Cash and balances at the central bank	39,366,571	-	39,366,571
Balances at banks and financial institutions	79,108,582	-	79,108,582
Deposits at banks and financial institutions	3,942,065	-	3,942,065
Financial assets at fair value through profit or loss	9,046,924	2,731,258	11,778,182
Financial derivatives	4,380	-	4,380
Direct credit facilities	122,522,091	227,486,431	350,008,522
Financial assets at fair value through other comprehensive income	13,406,061	-	13,406,061
Financial assets at amortized cost	81,500,463	61,708,280	143,208,743
Fixed assets	-	26,387,692	26,387,692
Intangible assets	-	2,074,410	2,074,410
Deferred tax assets	2,131,456	-	2,131,456
Other assets	8,749,262	11,606,048	20,355,310
TOTAL ASSETS	**359,777,855**	**331,994,119**	**691,771,974**
LIABILITIES			
Deposits at banks and financial institutions	18,270,292	-	18,270,292
Customers deposits	469,626,566	-	469,626,566
Cash margins	17,512,767	36,005,208	53,517,975
Borrowed funds	2,543,862	1,080,000	3,623,862
Sundry provisions	-	952,789	952,789
Provision for income tax	3,880,629	-	3,880,629
Deferred tax liabilities	925,740	-	925,740
Other liabilities	9,076,655	-	9,076,655
TOTAL LIABILITIES	**521,836,511**	**38,037,997**	**559,874,508**
Net	**(162,058,656)**	**293,956,122**	**131,897,466**

44. Fair Value Hierarchy

The table below analyzes financial instruments carried at fair value by the valuation method. The different levels have been defined as follows:

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
• Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2012	Level 1	Level 2	Level 2	Total
	JD	JD	JD	JD
Financial derivatives	-	-	-	-
Financial assets through profit or loss	9,589,936	-	-	9,589,936
Financial assets through other comprehensive income	10,265,971	1,908,740	-	12,174,711
	19,855,907	**1,908,740**	**-**	**21,764,647**
December 31, 2011	**Level 1**	**Level 2**	**Level 2**	**Total**
	JD	JD	JD	JD
Financial derivatives	4,380	-	-	4,380
Financial assets through profit or loss	11,778,182	-	-	11,778,182
Financial assets through other comprehensive income	11,364,385	2,041,676	-	13,406,061
	23,146,947	**2,041,676**	**-**	**25,188,623**

45. Commitments and Contingent Liabilities (Off-Financial Position)

a. Credit commitments and contingencies:

	December 31,	
	2012	2011
	JD	JD
Letters of credit	24,482,091	23,968,299
Acceptances and periodic withdrawals	9,238,413	9,167,663
Letters of guarantee:		
Payments	31,816,812	29,969,509
Performance bonds	42,167,748	41,772,961
Other	20,847,842	38,607,828
Unutilized credit facilities	22,095,684	9,329,940
Total	**150,648,590**	**152,816,200**

b. Contractual obligations:

	December 31,	
	2012	2011
	JD	JD
Contracts to purchase property and equipment	354,062	15,470
Construction contracts	310,994	262,479
Total	**665,056**	**277,949**

c. Operating leases amounted to JD 415,739 with periods ranging from 1 to 12 months.

46. Lawsuits Against the Bank

a. The Bank is a defendant in lawsuits amounting to JD 10,694,759 as of the consolidated financial statements date against JD 9,665,704 in the prior year. The total provision booked against these lawsuits amounted to JD 583,256 as of December 31, 2012 (JD 695,253 as of December 31, 2011). As per the estimate of the management and the bank's lawyer, no addition liabilities would arise against these lawsuit.

b. There were no lawsuits against the subsidiary companies, Tamkeen Leasing Company and Al Istethemari Letamweel Salselat Al Imdad as of December 31, 2012 and 2011.

c. There's one lawsuit in the stated amount above that includes Al-Mawared for financial brokerage for an amount of JD 300,000. In the opinion of the management and legal advisor, no liabilities would rise against the Company

47. Adoption of new and revised International Financial Reporting Standards (IFRSs)

53.a.Amendments to IFRSs applied with no material effect on the consolidated financial statements:
The following new and revised IFRSs have been adopted in preparation for the consolidated financial statements for which they did not have any material impact on the amounts and disclosures of the financial statements. However, they may affect the accounting for future transactions and arrangements.

Amendments to IFRS 1 Severe Hyperinflation (Effective for annual periods beginning on or after 1 July 2011)	The amendments regarding severe hyperinflation provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time.
Amendments IFRS 1 removal of Fixed Dates for First-time Adopters (Effective for annual periods beginning on or after 1 July 2011)	The amendments regarding the removal of fixed dates provide relief to first-time adopters of IFRSs from reconstructing transactions that occurred before their date of transition to IFRSs.
Amendments to IFRS 7 Disclosures – Transfers of Financial assets (effective for annual periods beginning on or after 1 July 2011)	The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures of transactions where a financial asset is transferred but the transferor retains some level of continuing exposure of the asset.
derrefeD :21 SAI ot stnemdnemA gniylrednU fo yrevoceR – xaT sdoirep launna rof evitceffE) stessa yraunaJ 1 retfa ro no gninnigeb (2102	Amends IAS 12 Income Taxes to provide a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 Investment Property will, normally, be through sale. As a result of the amendments, SIC-21 Income Taxes — Recovery of Revalue Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn.

b. New and revised IFRSs issued but not yet effective

The Bank and its subsidiaries have not applied the following new and revised IFRSs that have been issued and are available for early application, but are not effective yet:

	Effective for annual periods beginning on or after
IFRS 9 Financial Instruments	1 January 2015
Amendments to IFRS 7	1 January 2015
IFRS 10 Consolidated Financial Statements	1 January 2015
IFRS 11 Joint Arrangements	1 January 2015
IFRS 12 Disclosure of Interests in Other entities	1 January 2015
Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other entities: Transition Guidance	1 January 2015
IAS 27 Separate Financial Statements (as revised in 2011)	1 January 2015
Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other entities: Transition Guidance	1 January 2015
IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)	1 January 2015
IFRS 13 Fair Value Measurement	1 January 2014.
Amendments to IFRS 1 Government Loans	1 January 2013.
Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013.
Annual Improvements to IFRSs 2009 – 2011 Cycle	1 January 2013.
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013.

The Bank and its subsidiaries' management anticipates that each of the above standards and interpretations will be adopted in the consolidated financial statements by its date mentioned above without having any material impact on the Bank's consolidated financial statements.

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