



Annual Report 2011

Our Vision

To be a pioneering bank that excels in providing products and services, offers comprehensive financial solutions and acquires an advanced position in the Arab region.

Our Mission

To build amicable relations with our customers, optimize the returns to shareholders and contribute to social advancement by providing comprehensive financial solutions through high-quality and efficient service channels and a modern business environment that comprises an excelling team of employees.

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Bank of Jordan

Public Shareholding Limited Company established in 1960.

Commercial Registration No. 13, Paid Capital JD155,100,000.

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His Majesty
King Abdullah II Bin Al Hussein

His Royal Highness
Crown Prince Hussein Bin Abdullah II



Board of Directors

Chairman

Mr. Shaker Tawfiq Fakhouri

Vice Chairman

Dr. Abdel Rahman Samih Toukan

Members

Mr. Walid Tawfiq Fakhouri

Mr. Yahya Zakariya Al-Kadamani

Dr. Mazen Mohammed Al-Bashir

Dr. Yanal Mawloud Naghouj

Mr. Jan Joseph Shamoun

Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali

Mr. Haitham Abu Nasr Al Mufti

Representative of Al-Ekbal Jordanian General Trading (LLC)

Mr. Haitham Mohammed Samih Barakat

Representative of Arabian Gulf General Inv. & Transport Co.

Mr. Ammar Mahmoud Abu Namous

Representative of Al Pharaenah Int'l for Industrial Investments Co. as of 16/6/2011

Mr. Bader G. Al Zahrani until 10/5/2011

General Manager

Mr. Shaker Tawfiq Fakhouri

Auditors

Deloitte & Touche (M.E.) - Jordan

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Board of Directors' Report 2011

Jordan's Economic Performance - 2011

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Additional Information as Required by
the Jordan Securities Commission 2011

Jordan's Economic Performance - 2011

The Jordanian economy has been resilient in the face of successive challenges in 2011, particularly the repercussions of political events in the region. The Kingdom's economic activity was consequently negatively impacted, specifically in tourism, remittances of Jordanians abroad, and investment flows. In fact, prices of basic consumer commodities including oil and foodstuff marked another rise worldwide. Natural gas supplies to the Kingdom have been fluctuating and the global economy has been recovering at a slow pace, especially with regards to the sovereign debt crisis in the Euro Zone. Credit ratings by the international rating institutions for some of the countries, including Jordan, were downgraded. Nonetheless, the Gross Domestic Product marked a growth of 2.4% in fixed prices during the first three quarters of 2011, compared to a growth rate of 2% for the same period in 2010. In 2011, the inflation rate dropped to a rate of 4.4%, compared to the 5% average by the end of 2010 - a drop of 0.6%. Additionally, the trading volume in the real estate sector reached JD6.3 billion in 2011, an 8% increase compared to the end of 2010.

Indicators of the banking sector, however, revealed a 9.7% rise in credit facilities delivered by the licensed banks in 2011 compared with 2010, mounting to JD15.9 billion. Customer deposits marked a rise of 8.3%, mounting to JD24.4 billion by the end of 2011. Foreign trade indicators revealed a 15.9% increase of exports in the first 10 months of 2011, mounting to JD4 billion.

Income from tourism decreased by 16.4% in the first 11 months of 2011, totaling JD1.9 billion. The unemployment rate increased in 2011 to 12.9%, compared to 12.5% in 2010. Remittances of Jordanians abroad dropped by 5.8% in the first 11 months of 2011 compared to the same period of 2010, totaling JD2.2 billion.

Balance of foreign reserves at the Central Bank of Jordan fell to USD10.5 billion by the end of 2011 - 14.1% less than its yield by the end of 2010. Investments benefiting from the Investment Promotion Law totaled JD843 million in the first three quarters of 2011 against JD1,058 million for the same period of 2010 - a decrease of 20.3%.

Amman Stock Exchange indices continued to decline with a trading volume of 57.4% in 2011, compared with 2010. The price index of shares declined by 12.6%. The debt volume rose to about JD13 billion in the first 11 months of 2011 - 64% of the predicted Gross Domestic Product (GDP) for 2011 compared with 61% by the end of 2010. Fiscal deficit (before aid) increased by 69% to JD1.8 billion in the first 11 months of 2011 against JD1.1 billion for the same period of 2010.

It is worth mentioning that a package of governmental resolutions was issued in 2011 aimed at improving living standards for citizens. One major case in point was increasing the living-cost allowance for civil servants, and civil and military pensioners. The payroll restructuring project for civil servants, and civil and military pensioners was also launched, in order to officially commence in 2012. The project aims at ensuring justice and raising incomes for a large group of citizens, to help them enjoy better living standards and boost their expense and saving capabilities.

In addition, prices of some hydrocarbon products were fixed in 2011; some commodities were exempted from the sales tax; and exemption from the real estate registration fees was extended till the end of 2011.

Gross Domestic Product (GDP):

The Gross Domestic Product (GDP) increased in fixed rates during the first three quarters of 2011; it marked a 2.4% growth rate against 2% for the same period in 2010 - a difference of 0.4%. This growth includes the yield of several economic sectors, as per the following order:

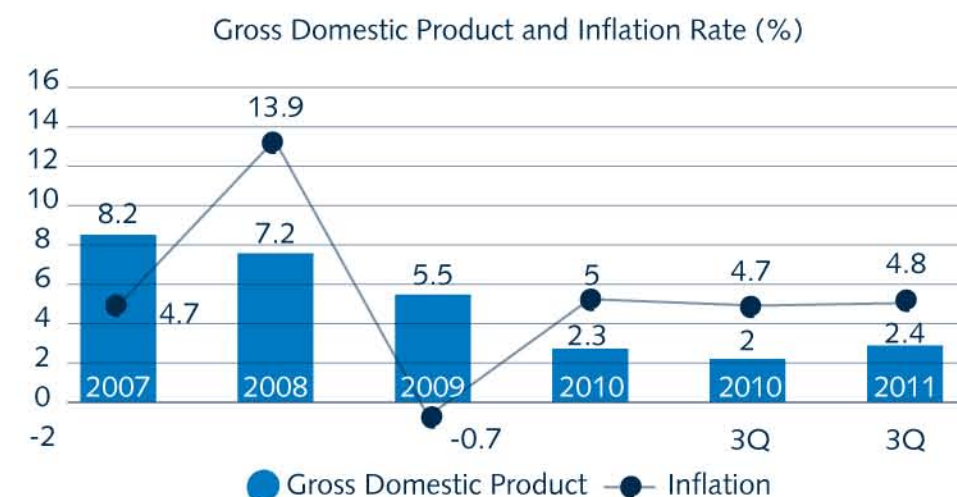
- The mining sector achieved a 21.5% growth rate, against 8.8% during the first three quarters of 2010.
- The industrial sector achieved a 4.1% growth rate against 1.6%.
- The wholesale, retail, restaurants and hotel sector achieved a growth rate of 3.9% against a drop of 2.3% for the same period in 2010.
- The electricity and water sector achieved a growth rate of 1.4% compared to a drop of 4.2% for the same period in 2010.

However, the following sectors were characterized by a slow growth:

- The agricultural sector achieved a growth rate of 4.7% against 8.2% for the same period in 2010.
- The transport, storage and telecommunication sector achieved a growth rate of 3.1% against a growth rate of 5.1%.
- The financial, insurance and real estate sector achieved a growth rate of 3.7% against 7.1%.
- The social and personal services sector achieved a 2.3% growth rate against 4.9%.
- The producers of governmental services achieved a growth rate of 3.15% against 3.18%.
- The domestic services of households sector achieved a growth rate of 4.1% against 5.1% for the same period in 2010.

The construction sector decreased by 6.6% against a 2.6% drop during the first three quarters of 2010, and "net taxes of products" decreased by 1.6%.

The inflation rate dropped in 2011 to 4.4% compared to 5% by the end of 2010 - a drop of 0.6%.



Public Finance:

The public finance sector indicators for the first 11 months of 2011 showed an increase of JD844.6 million (20.3%) in local revenues and foreign aid, mounting to JD4,996.4 million. Specifically, foreign aid marked an increase of JD812.7 million, mounting it to JD1,101.3 million; local revenues marked an increase of JD31.9 million (0.8%), mounting it to JD3,895.1 million. In fact, this increase in local revenues resulted from the rise in tax revenues (JD114.6 million) and the deductions from salaries for pension purposes (about JD0.3 million). Other revenues fell by about JD83 million.

Total expenditures for the same period marked an increase of JD781.7 million (15.8%) and mounted to JD5,735.3 million. This increase is attributed to a JD798.1 million increase (18.9%) of current expenditure in addition to a JD16.4 million decrease (2.2%) of the capital expenditure.

Due to the above developments, the general budget marked a JD738.9 million deficit after aid against a JD801.8 million for the same period in 2010. The net internal and external debt volume increased by JD1,603.9 million - 14% above its level by the end of 2010. It mounted to JD13,066.7 million (i.e. 64% of GDP estimated for 2011).

Monetary and Banking Sector:

Efforts exerted by the Central Bank of Jordan along with its comprehensive and standard supervision of banks during 2011 have helped maintain monetary and financial stability, as well as the Jordanian Dinar convertibility, in light of an interest rate structure that corresponds to the economic activity volume. These same efforts have also helped maintain a sound and vigorous banking system that is capable of providing a promising investment environment, as reflected in the increased confidence of investors in the Jordanian banking system in particular and the Jordanian economy in general. This has been another leverage for the economic growth rates, due to the mobilized national savings used in financing the productive economic sectors. In fact, this evolution took place despite the economic instability prevailing in the majority of advanced world countries, due to the credit and debt crises which lowered credit ratings. In addition to political transitions that took place in several Arab countries, all of these developments put large pressures on the currency exchange rates and increased gold prices to unprecedented levels.

Nevertheless, indicators from the Jordanian Monetary and Banking sector have been reassuring, with the balance of foreign currency reserves of the Kingdom marked at about USD10.5 billion (JD7.4 billion) till the end of 2011. This is adequate to cover the Kingdom's imports for about 6.5 months. By the end of 2011, local liquidity marked an increase of 8.1% compared to the end of 2010, mounting to JD24,118.9 million.

Deposits in the banking sector increased by JD1,873.1 - 8.3% compared with the end of 2010 to reach JD24,377.9 million. The development rate of JD deposits reached 8.5% (JD19,119.1 million); deposits in foreign currency increased by 7.6% for the same period to reach JD5,258.8 million. The credit facilities marked a growth of 9.7% to reach JD15,851.2 million, which was mostly concentrated in the mining sector (about 43.5%) and industrial sector (19%). Facilities under "Others" increased as well, mostly directed at the individuals sector (about 10.3%) and transport sector (about 10%). Assets of the banking sector continued to increase and mounted to JD37,686.4 million - an increased rate of 7.8% compared with the balance by the end of 2010.

Development of Deposits and Credit Facilities in Banking Sector (JD Billion)



Interest rates for deposits in the banking market were slightly volatile in 2011. The weighted average of interest rates for demand deposits reached 0.43%, 0.70% for saving deposits, and 3.46% for time deposits. Respectively, this represents a drop of one basis point for demand deposits, seven basis points for savings deposits, and an increase of six basis points for time deposits, compared with their levels by the end of 2010. Weighted average for interest rates of facilities during 2011 reached 8.80% of overdraft account (a drop of 32 basis points); loans and advances reached 8.67% (a drop of 34 basis points). For discounted bills, the weighted average reached 9.34% and dropped by 7 basis points compared to the same period by the end of 2010.

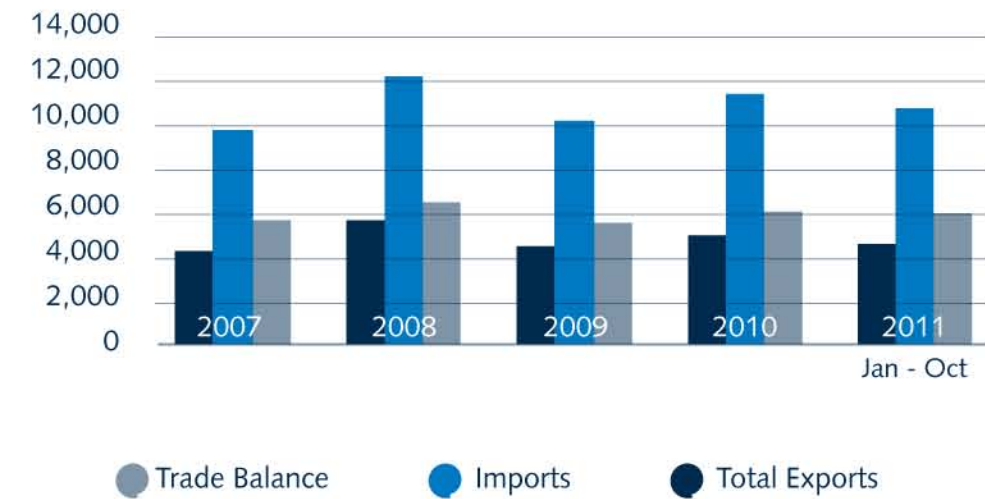
● Trading at the Amman Stock Exchange (ASE):

In 2011, Amman Stock Exchange showed a declined performance due to the decline of most of its indicators for the third consecutive year. Market capitalization dropped to JD19.3 billion (a drop of 11.8%) till the end of 2011, compared with the end of 2010. The general price index of shares weighted with the market value dropped to 4,648.4 points, compared with 5,318.0 points at the end of 2010 – a drop of 12.6%. The market capitalization to GDP ratio marked 102.7% at the end of 2011, compared to 122.7% at the end of 2010. In 2011, the trading volume totaled JD2.9 billion marking a drop of about JD3.8 billion or 57.4%. Net investments of non-Jordanians at the Stock Exchange till the end of 2011 showed a positive flow of JD78.6 million, compared with a negative flow of JD14.6 million in 2010. Accordingly, the non-Jordanian shareholding in companies enlisted at the Stock Exchange at the end of 2011 represents 51.3% of market capitalization against 49.6% at the end of 2010.

● External Trade:

The majority of indices for the Kingdom's foreign trade showed a positive performance during the year. Total foreign trade (national exports and imports) increased by JD2,128.8 million in the first ten months of 2011 – an increase of 16.9% compared with the same period in 2010. Total volume of foreign trade reached JD14,701.5 million as the national exports increased by JD547.8 million or 15.9%, totaling JD3,997.7 million. Both Iraq and the United States ranked first among countries that Jordan exports to (15.4% of total national exports for each). India ranked second with 12.1%. The Kingdom's imports increased in the first 10 months of 2011 by JD1,581.0 million or 17.3%, totaling JD10,703.7 million. Saudi Arabia ranked first among countries that import to Jordan (22.5% of total imports) followed by the Republic of China (10.3%). By virtue of those developments in foreign trade, the balance of trade deficit increased to JD5,967.3 million - 18.8% compared with the same period in 2010.

Development of Total Exports, Imports and Trade Balance (JD Million)



● Economic Outlook for 2012:

The global economic forecasts by the World Bank revealed that in 2012, the global economy will achieve slower growth rates than those achieved in the transitional period after the financial crisis. For 2011 and 2012, the global economy is expected to grow at 4%. The Jordanian economy, however, is expected to achieve a growth rate of 2.8% in 2012 compared to 2.5% in 2011. The inflation rate is forecast at 5.6% and the current account deficit is expected to reach 8.4% of the GDP in 2012 due to the high expenditure on imported commodities.

The macroeconomic performance forecasts for 2012, included in the Draft Law of the General Budget of the State for 2012, reveal a modest performance of the national economy due to the slow growth of the global economy and the political and security events in the region. The GDP is expected to achieve a growth rate, in actual prices, of 3% for 2012 and an average of 3.5% per annum for the years 2012 to 2014.

The inflation rate is expected to be 5.5% for 2012 and an average of 5% for the years 2012 to 2014. Average growth rate of national exports is expected to be 11% per year for the years 2012 to 2014; average growth rate of imports is expected to be 9% per year for the years 2012 to 2014. The current account deficit to GDP ratio is expected to be about 9% for decrease until it reaches 7% in 2014. An adequate level of the foreign reserves at the Central Bank will be maintained in order to help stabilize the exchange rate of the Jordanian Dinar.

According to the Draft Law of the General Budget for 2012, the General Budget is expected to reach JD6.8 billion; JD1 billion for capital expenditures and JD5.8 billion for current expenditures, leaving the budget with a JD1,027 deficit after grants estimated at JD870 million. The budget deficit after grants is expected to decrease by 1.6% of the GDP to reach 4.6% in 2012 (about JD1,027 million) against 6.2% in 2011 (about JD1,265 million).

The banking sector is expected to continue at the same pace as it was in 2011, as the national economy is expected to grow and financing needs for productive economic activities are expected to be met. Local demand for commodities and services is expected to continue. In fact, the banking sector leans against a set of strong indicators that characterize it. The sector is also counting on a number of robust financial indicators that will help it navigate safely through 2012. Chief of those is the high liquidity ratio that recorded 145.5% at the end of first half of 2011 against a minimum of 100% required by the Central Bank of Jordan (CBJ). Capital adequacy ratio also reached 18.2% at the end of June 2011 compared with the 12% minimum set by the CBJ and 8% by the Basel committee. All are but sound and rigorous indicators of the banking sector in Jordan.

Achievements in 2011

In 2011, Bank of Jordan pursued projects and programs of action derived from its strategic plan for 2011-2013. The Bank succeeded in achieving positive rates and results of growth in all activities and areas of work, in pace with its goals, despite the accelerating changes in the political scene and unprecedented developments that affected the investment-economic environment in the region to varied degrees. In fact, the Arab Spring may result in positive impacts on the socio-economic and developmental conditions in addition to the political transitions in the region.

The results achieved by the Bank in 2011 prove that the Bank is able to continue growing and adapting to the surrounding circumstances while handling all developments taking place in the markets where the Bank operates. This can be attributed to balanced planning and optimal use of internal and self-created resources, as well as the adoption of the latest banking policies, techniques and systems. Accordingly, the Bank enhances and improves the level of its operations and services in response to the ever-evolving needs of the several sectors and clientele segments.

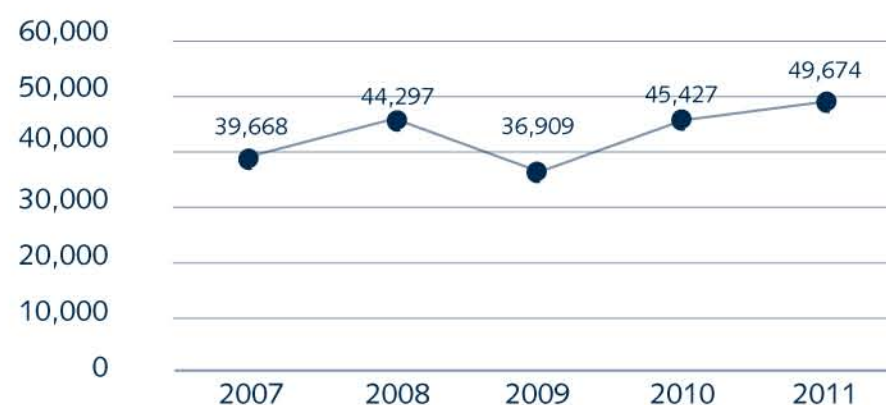
Ever since its beginning, Bank of Jordan has been achieving a strong series of developments and milestones at all levels. It has been successful in achieving trustworthiness among the banking, financial and investment institutions in Jordan, in the Arab region and worldwide. In order to fulfill expansion and diversification requirements for its activities and areas of work in the region, while enhancing its competitive position, the Bank raised its capital in 2011 by JD55.1 million to JD155.1 million. This growth helped enhance its capital base and maintain major financial ratios even beyond the requirements of supervisory agencies and international standards. In 2011, the Bank established and launched the Jordan Leasing Company as a private shareholding company fully owned by Bank of Jordan, with a paid up capital of JD10 million.

Financial Results:

In 2011, Bank of Jordan achieved qualitative financial results that proved the Bank's ability to score good performance rates. The major financial indicators of the Bank marked a positive development in 2011. Capital adequacy scored 14.27% and legal liquidity mounted to 128.7%. Non-performing facilities did not exceed 8.87% of total facilities provided by the Bank compared with the international standard rate of 10%.

Net profits of the Bank after tax and provisions reached JD36.6 million against JD32.1 million for 2010 - a growth rate of 13.9%. Before tax deduction, the net profit reached JD49.7 million against JD45.4 million in the previous year - an increase rate of 9.3%. Assets of the Bank increased by 4.3% compared with 2010 and reached JD2,052.9 million. Shareholders' equity raised to about JD259.2 million, with a growth rate of 20.9%.

Net Profit Before Deduction Taxes (JD '000)



Sources of funds witnessed an increase of JD15.3 million in customer deposits (1% growth compared with 2010 to reach JD1,498.0 million). This increase was enhanced with a growth of JD24.6 million in savings deposits (5.4% to reach JD483.6 million); a growth of JD13.5 million in demand deposits (3.8% to reach JD364.4 million); and a growth of JD12.2 million in certificates of deposits or 25%. However, term deposits decreased by about JD35 million or 5.6%.

The Bank continued to respond to financing requirements for several productive economic activities. The credit facilities' net portfolio increased by JD85.3 million (a growth rate of 8.9% compared to 2010, totaling JD1,046.5 million). This increase is concentrated in the facilities provided for the small and medium enterprise sector (SMEs) with JD44.2 million (35.8% to reach JD167.8 million) in addition to facilities for the retail sector with JD26.5 million (14.2% to reach JD213.3 million). Facilities for the public sector increased by JD54.5 million to reach JD82.9 million; real estate loans increased by JD2.9 million (1.7% totaling JD172.8 million). Facilities given to mega corporations declined by 5%, totaling JD488.9 million.

The Development of Financial Positions (JD '000)



Main items of the Statement of Income show an increased total income amounting to JD112.6 million (12.2% compared with 2010). Net revenues of interests and commissions increased by 7% compared with 2010, amounting to JD97.2 million. Profits from foreign currency increased by 75.3%, amounting to JD6.3 million. However, expenses increased by JD8 million (14.6% compared with 2010, totaling JD62.9 million) in order to accommodate expansion and growth of the Bank operations.

Competitive Position:

Bank of Jordan succeeded in maintaining its leading position in the Jordanian banking market in terms of assets, deposits, credit facilities, solvency rates and revenues. The market share for customer deposits and total credit facilities for the branches of Jordan reached 4.3% and 5.5%, respectively. As for its competitive level in the Palestinian market, Bank of Jordan had a 11.3% market share for customer deposits and 9% for facilities of total deposits and facilities of the Jordanian banks operating in Palestine.

Despite the conditions prevailing in the Syrian market, the most recent data available show that Bank of Jordan - Syria had a 3% market share for customer deposits and 5% for facilities of the total deposits and facilities provided by the private sector banks in Syria.

● Corporate Governance:

Realizing that good corporate governance is a key to success, the Bank's Board of Directors is keen on applying corporate governance practices that comply with the regulations issued by the Central Bank of Jordan and the Corporate Governance Code for Banks in Jordan. These practices, which have been incorporated into the Bank of Jordan Corporate Governance Code, also comply with the best international practices recommended by the Basel Committee. It is worth noting that Bank of Jordan also adheres to regulatory requirements and guidelines in other countries it operates in.

In addition, the Bank regularly – and whenever the need arises – revises and amends the code in order to reflect changes in the Bank's needs and expectations in addition to developments in the banking industry.

It is worth noting that the Bank has published an updated version of the code on a CD attached to the Annual Report (Arabic version). The Annual Report has also dedicated a section that demonstrates the extent to which the Management adheres to provisions of the code.

Component One (Board of Directors)

- Chairman of the Board:

Regulations of the Corporate Governance Code, regarding the position of the Chairman of the Board, state the following:

1. Separation between the Chairman of the Board and the General Manager positions.
2. There should be no kinship between the Chairman of the Board (president) and the General Manager up to the third degree.
3. Separation in duties between the Chairman of the Board and the General Manager according to written instructions approved by the Board and revised when necessary.
4. In the case of the Executive Chairman, the Bank should appoint an independent member of the board as a deputy chairman to act as an independent resource and conduit for shareholders. The Executive Chairman has to have a full-time job in the Bank.
5. The status of the Chairman (whether executive or non-executive) is publicly disclosed.
6. The role of the Chairman of the Board:
 - The Chairman promotes a constructive relationship between the Board and the Bank's senior management, and between the executive directors and the non-executive directors.
 - The Chairman promotes culture in the boardroom, which encourages constructive criticism and alternative views on certain issues under consideration, and encourages discussion and voting on these issues.
 - The Chairman ensures that directors receive adequate and timely information.
 - The Chairman ensures that the Bank's shareholders receive adequate and timely information.
 - The Chairman ensures a high standard of corporate governance by the Bank.

In accordance with the Bank's policies that aim to meet the requirements of the Corporate Governance Code for Bank of Jordan which was drafted according to the directives of the Central Bank of Jordan, the Bank works on meeting all the requirements in accordance with the Bank's interests and in line with the Jordanian banking business environment as well as the legislative and legal frameworks ruling the Bank's operation. The Chairman occupies the General Manager's position; this is not in line with Item 1 above. However, the Vice-Chairman is independent as per Item 4 above of the Corporate Governance requirements.

- Board of Directors:

While the Executive Management is responsible for running daily operations of the Bank, the Board is in charge of drawing up strategies that best serve the interests of the Bank, its shareholders and clients, in accordance with respective laws and regulations.

The Board of the Bank is comprised of 11 members who are elected by the General Assembly for a four-year term. The Board members should have high expertise that qualifies them to pass objective judgements during the Board meetings. The Chairman is elected by the members of the Board. The Board convened 9 times during 2011. The Board has a specific agenda in each meeting, and the minutes of meetings and decisions are officially documented by the Board Secretary.

Names of the Board members appear on page 8 of the Annual Report.

As per the Corporate Governance Code, five committees stem from the Board of Directors to ease implementation of responsibilities. The committees are as follows: the Audit Committee, the Corporate Governance and Strategy Committee, the Nominations and Remunerations Committee, the Risk Management Committee, and the Executive Committee.

- The Audit Committee:

Three non-executive Board members were elected to form the Audit Committee. The Corporate Governance Code defines the tasks and authorities of the Committee. It also grants the Audit Committee the right to acquire any information from the Executive Management, and the right to ask any executive staff or Board member to attend its meetings.

The Audit Committee consists of the following:

Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Head of the Committee
Mr. Jan Joseph Shamoun	Member
Mr. Haitham Abu Naser Al Mufti	Member
Mr. Saleh Rajab Hammad	Board Secretary / Committee Rapporteur

The Audit Committee held 6 meetings in 2011.

The Committee's responsibilities include the following:

- 1- Reviewing amendments made to accounting policies and implementing international accounting standards, as per commitments made to this effect.
- 2- Reviewing the Bank's internal control systems.
- 3- Reviewing accounting issues that are intrinsic to the financial statements.
- 4- Monitoring internal auditing in the Bank.
- 5- Assessing the inclusion and objectivity of the external auditor in dealing with the Bank's operations.
- 6- Ensuring the accuracy of accounting and control procedures and the extent of compliance therewith.
- 7- Reviewing notes mentioned in the CBJ and the external auditor's reports, and following up on related procedures.
- 8- Reviewing financial reports and data which were referred to the Board of Directors, especially those related to the CBJ instructions; ensuring adequate provisions are allocated for doubtful loans and giving opinions regarding the Bank's non-performing loans or those classified as bad debts.
- 9- Examining the annual internal audit plan, reviewing notes mentioned in inspection reports, and following up on related procedures.
- 10- Looking into any issue referred by the Board of Directors or any other issue deemed necessary for discussion or expressing relevant opinion.
- 11- Meeting with the Bank's external auditor, the manager of the Internal Audit Department, and the compliance manager at least once a year. Executive managers shall not attend these meetings.
- 12- Ensuring that the Bank's general policies are in line with applicable laws and regulations plus ensuring compliance therewith.
- 13- Ensuring the Bank has adopted a framework for professional practices.
- 14- Ensuring the Bank has an integrated internal control system which is constantly being improved whenever necessary.
- 15- Reviewing reports on violations (violation of laws, bylaws, regulations, and abuse of office) and implementing mechanisms necessary to avoid such violations.
- 16- Recommending to the Board the appointment or the dismissal, the remuneration, and the other contractual terms of the external auditor.
- 17- Ensuring there is no conflict of interest that might arise in case the Bank signs business deals or contracts or becomes a partner in projects with related parties.
- 18- Reviewing any potential business agreement between the related parties and the Bank and submitting recommendations to the Board about such deals before concluding them.

However, the Audit Committee does not substitute for the responsibilities of the Board of Directors or the Bank's Executive Management for the supervision and adequacy of the Bank's internal control system.

- The Corporate Governance and Strategy Committee:

Five Board members were elected to serve on the Corporate Governance Committee which is chaired by the Board Chairman / General Manager, as follows:

Mr. Shaker Tawfiq Fakhouri	CEO / General Manager – Head of the Committee
Dr. Mazen Mohammed Al-Bashir	Member
Mr. Bader G. Al Zahrani	Member till 10/5/2011
Mr. Ammar Mahmoud Abu Namous	Member as of 16/6/2011
Mr. Jan Joseph Shamoun	Member
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Member
Mr. Saleh Rajab Hammad	Board Secretary / Committee's Rapporteur

The Corporate Governance and Strategy Committee held 2 meetings during the year 2011.

The Committee's responsibilities include the following:

1. Preparing and reviewing the Corporate Governance Code of the Bank as per the laws and legislation regulating the Bank's operations.
2. Defining proper measures to ensure adherence to the Corporate Governance Code items.
3. Conducting an annual review of the Corporate Governance Code and ensuring its dissemination as wide as possible.
4. Preparing an annual evaluation to establish the extent to which the Bank observes and applies corporate governance and submitting the same to the Board of Directors and other relevant stakeholders.
5. Following up on any developments related to this issue.
6. Reviewing and overseeing all elements related to the Bank's strategy to issue relevant recommendations.
7. Ensuring the existence of general policies to effectively deliver on strategies.
8. Endorsing strategy, business and performance plans for all sectors, departments, and amendments introduced thereto.

- The Risk Management Committee:

The Committee comprises three members of the Board in order to manage and deal with all kinds of risks faced by the Bank.

The Risk Management Committee consists of the following:

Mr. Shaker Tawfiq Fakhouri	CEO / General Manager – Head of the Committee
Dr. Mazen Mohammed Al-Bashir	Member
Mr. Jan Joseph Shamoun	Member
Mr. Saleh Rajab Hammad	Board Secretary / Committee's Rapporteur

The Risk Management Committee held 7 meetings during 2011.

The Committee's responsibilities include the following:

1. Reviewing risk management policies and strategies (i.e. credit risks, market risks, operational risks, liquidity risks, credit concentration risks, interest rate risks, etc.) before submitting them to the Board for approval.
2. Defining strategies and methods to alleviate risks in accordance with the control requirements, to limit the effects of risks on the Bank's financial safety and stability.
3. Ensuring the Executive Management takes responsibility for implementing the aforementioned policies and strategies under the supervision of the Risk Management Committee.
4. Reviewing and possibly amending the Executive Management remarks/suggestions regarding the structure and development of the Risk Management Department before submitting them to the Board for approval.
5. Overseeing rapid developments and increased complications observed and handled by the Risk Management department in the Bank and submitting relevant reports to the Board of Directors.
6. Acquiring information about any issue related to its responsibilities.

- The Executive Committee:

The Executive Committee was elected from six Board members as follows:

Dr. Abdel Rahman Samih Toukan	Head of the Committee
Mr. Walid Tawfiq Fakhouri	Member
Dr. Mazen Mohammed Al-Bashir	Member
Dr. Yanal Mawloud Naghouj	Member
Mr. Haitham Mohammed Samih Barakat	Member
Mr. Ammar Mahmoud Abu Namous	Member as of 20/10/2011
Mr. Mohammad Ahmad Odeh	Committee's Rapporteur / Facilities Committee's Rapporteur

The Executive Committee held 49 meetings in 2011.

The Committee's responsibilities include the following:

1. Approving credit applications that exceed authorization of the Executive Management.
2. Reviewing decisions related to dues, settlements, debt rescheduling, and exemptions that have been approved by the CEO/General Manager.
3. Approving investment transactions that exceed authorization of the Executive Management.

- The Nominations and Remunerations Committee:

The election of the three members of this committee was from the non-executive members of the Board. Most of these members, including the Committee Chairman, are independent members.

The Nominations and Remunerations Committee consists of:

Dr. Mazen Mohammed Al-Bashir	Head of the Committee
Mr. Yahya Zakariya Al-Kadamani	Member
Dr. Yanal Mawloud Naghouj	Member
Mr. Saleh Rajab Hammad	Board Secretary / Committee's Rapporteur

The Nominations and Remunerations Committee held 4 meetings in 2011.

- The Committee's responsibilities include the following, in line with valid legislation in terms of the election of Board members:

1. Providing the Board with background briefing material on vital issues related to the Bank upon request, and ensuring that Board members are kept up to date on relevant banking topics.
2. Conducting objective and regular (annual) evaluations on the effectiveness of the Board based on specific criteria, including comparison with other banks and similar financial institutions. The Committee shall also assess the soundness of financial statements and compliance with regulatory requirements.
3. Ensuring the independence of the independent Board members in line with the guidelines set out in this code.
4. Recommending to the Board the remuneration (including monthly salary and other benefits) of the General Manager. The Remuneration Committee also reviews the remunerations (including salaries) of other senior executive managers.
5. Ensuring the Bank has a remuneration policy, which guarantees that benefits/salaries are attractive enough to lure and retain qualified individuals and that they are similar to benefits/salaries paid by peers in the local market.
6. Ensuring that a summary of the Bank's remuneration policy is disclosed in the Annual Report, including the remuneration of each Board member and the highest salaries paid during the year to executive managers who are not Board members.
7. Nominating Board members and duly considering candidates' abilities and qualifications. For re-nomination, the attendance of members and their effectiveness and participation in Board meetings shall be considered.
8. Ensuring that the Bank's senior management is staffed by highly professional individuals.
9. Implementing selection criteria for the executive management.

- The Board Secretary:

Minutes of meetings are significant for the Bank, shareholders, and supervisory agencies because they are a permanent register that demonstrate the Board's activities and deliverables; the Board of Directors' decisions and any other decisions made by committees operating under the Board.

Given the vital role of the Board Secretary, it has been decided to appoint Mr. Saleh Rajab Hammad, Executive Manager/Compliance and Risk Department, as Board Secretary. Duties and responsibilities of the Board Secretary are incorporated in the Corporate Governance Code of the Bank.

- Conflict of Interests:

The Board of Directors emphasized in the Bank's Corporate Governance Code that all members of the Board must specify their relationships with the Bank, disclose the nature of this connection, avoid conflict of interests, and abide by the substance of the Code of Conduct in this regard. A written disclosure must be given on an annual basis or in case of any development that so requires.

Component Two (Planning and Policy Formulation)

The Board of Directors undertakes responsibility for devising the Bank's general strategy and its strategic course of action as well as defining the general objectives for the executive management and supervising their achievements.

Component Three (Control Environment)

The Board of Directors undertakes responsibility to adopt a general framework for internal control in order to achieve the following:

- Effectiveness and efficiency of operations.
- Credibility of financial reports.
- Adherence to laws and regulations in force.

The Board hereby affirms the existence of a general framework for internal control that enables it to follow up on its tasks and take whatever measures are necessary within the following framework:

1. Internal Audit:

The Bank realizes that having an effective internal audit department would fundamentally enhance the internal control systems and the general framework for managing risks related to the Bank's various activities. The internal audit administration performs its tasks within the following specifics:

- a. Preparing the Internal Audit Charter and sanctioning it by the Board of Directors. The charter details the functions of the audit administration including its responsibilities, authorities, and work methodology.
- b. Preparing internal auditing procedures that conform to the new organization of the Bank.
- c. Ensuring the preparation of an annual audit plan to be approved by the Audit Committee. The plan should cover most of the Bank's activities as well as organizational units based on risks associated with its activities.
- d. Preparing an annual report about the adequacy of internal control and audit systems in order to eliminate risks and provide suitable recommendations to remove weaknesses.

- e. Ensuring the recruitment and appointment of employees possessing high academic qualifications and appropriate practical experience to audit all activities and operations. This process should include qualified staff to assess data security and IT risks.
- f. Following up on violations and remarks stated in the reports of supervisory agencies and the external auditor; ensuring that they are addressed and that the executive management has adequate controls to ensure such violations are not repeated.
- g. Ensuring that necessary procedures are in place to receive, process, and keep customer complaints as well as remarks related to the accounting system, internal control, and audit processes. Periodic reports concerning these matters have to be submitted.
- h. Keeping audit reports and sheets in a safe and organized manner for a period that conforms to applicable laws and regulations so that they can be examined by the regulatory authorities and the external auditor.
- i. Reviewing the reporting procedures in the Bank to ensure key information about financial, administrative, and operational matters are accurate, reliable and timely.
- j. Ensuring compliance with the Bank's internal policies, the international standards as well as related laws and regulations.
- k. Submitting reports to the Head of the Audit Committee.

2. External Audit:

The External Auditor represents another level of control on the credibility of financial data issued by the Bank's accounting and information systems. In particular, this entails expressing clear and honest opinions about the fairness of these statements and the extent to which they mirror actual reality during a certain period. When dealing with external audit firms, the Board of Directors has to consider the Bank's interest and professionalism of the auditing firms, keeping in mind the importance of regular audit rotations and the previous experiences with such offices.

3. Risk Management:

The management of Bank of Jordan paid special attention to Basel II requirements as a framework to reinforce and enhance the Bank's capability to upgrade the control environment and challenge various types of risks.

To implement these requirements, practical steps were taken such as establishing administrations in the Bank specialized in managing different risks (credit, operations, and market) and manning them with qualified staff and systems.

The Bank has also worked on enhancing credit risk management practices through setting up specialized departments (including Corporate Credit Review Department/SME Credit Review Department, Retail Credit Review Department, and Credit Review Department for branches in Palestine). Furthermore, the Bank has updated and developed policies and procedures related to risk management aimed at ensuring credit quality. In addition, the Bank started implementing the Reveleus System for calculating the capital adequacy ratio after completing the necessary requirements.

As for operational risks, the Bank has been implementing the CARE system since 2003 and a Risk Profile has been created for each of the Bank's departments in addition to a database for operational errors. As for market risks, the Bank has set up a risk management unit comprised of qualified employees.

Moreover, the Bank formed a committee for risk management at the executive management level. This committee is entrusted to review and evaluate the performance of all different risk departments and to submit periodic reports about its work to the Board's Risk Management Committee.

The Risk Management functions in line with the following general framework:

- a. The Bank's Risk Management submits periodic reports to the Executive Risk Management Committee whereas daily operations are referred to the General Manager.
- b. The Risk Management undertakes the following responsibilities:
 - Preparing risk policies for all types of risks and sanctioning them from the Board of Directors.
 - Analyzing all risks including credit, market, liquidity and operational risks.
 - Developing methodologies for measuring and controlling all types of risks.
 - Recommending risk limits and approvals to the Executive Risk Management Committee besides submitting reports and exceptions to the risk management policy.
 - Providing the Board and the Executive Management with information about risk assessment and risk profile in the Bank. The Board regularly reviews the Bank's qualitative and quantitative risk statistics.
 - Approving the means that help risk management, such as:
 - Self-assessment of risks and setting risk indicators.
 - Preparation of a historical database of the losses in terms of their sources and classification according to type of risk.
 - Provision of the necessary systems suitable for risk management at the Bank.
- c. Committees such as Credit, Assets, and Liabilities' Management/Treasury, and Operational Risk assist Risk Management in performing its tasks in accordance with the authorizations defined for these committees.
- d. Incorporating information about risk management in terms of its structure, nature of operations, and progress in the Bank's annual report.
- e. Providing information about risks facing the Bank for the purposes of disclosure and publication to the public.

4. Compliance:

In accordance with the Bank's commitment with the Basel II requirements, the Compliance Department was established to ensure compliance with laws, ethical regulations, legislation, and standards, defined by different supervisory bodies and the Bank's internal policies. Qualified human resources and automatic systems were provided to the Department.

On the Compliance Department level, all laws and regulations regulating the Bank's operations were gathered, and compliance awareness was spread among employees through booklets and training courses. An anti-money laundering policy was developed to comply with Anti-Money Laundering Law No. (46) for the year 2007.

The Compliance Department has the following responsibilities:

- a. Drawing up the compliance policy as well as improving and reviewing it regularly (at least once a year) and whenever necessary.
- b. Applying the compliance policy at the Bank.
- c. Preparing an efficient methodology to ensure the Bank's compliance with effective laws and legislation in addition to any related regulations.
- d. Submitting its periodic (bi-annual) reports on its work and on the compliance of the Bank's departments and employees to the Executive Risk Management Committee which will in turn refer them to the Board's Risk Management Committee.
- e. Evaluating and following up on applying Corporate Governance practices in the Bank.

5. Financial Reports

The Executive Management of the Bank shall undertake the following tasks:

- 1. Preparing financial reports according to International Accounting Standards.
- 2. Presenting the reports to the Board members at each regular meeting.
- 3. Publishing financial data every three months.
- 4. Sending financial reports and full reports to the shareholders annually.

6. Code of Conduct:

The Bank has a Code of Conduct that was approved by the Board and circulated to all employees. Several training courses were organized to educate the Bank's employees on the concept of the Code. The compliance department ensures compliance with these concepts.

Component Four (Treatment of Shareholders)

Under the law, each shareholder has the right to vote during the General Assembly meetings and the right to discuss issues placed on the General Assembly's ordinary and extraordinary agendas. Added to that, shareholders enjoy the right to suggest any other topics to be added for discussion on the General Assembly's ordinary agenda, after obtaining the approval of a number of shareholders (representing at least 10% of stocks recorded) in the meeting. In order to foster this relationship, the Bank works on encouraging shareholders, mainly minority shareholders, to attend the annual General Assembly meetings and to vote in person or in their absence by proxy.

The Board shall provide shareholders with the following:

- A copy of the Annual Report mailed to their respective mailing addresses.
- An invitation to the General Assembly meeting and its agenda.
- All of the information and publicity items addressed to the shareholders in general.

Furthermore, each shareholder has the right to get acquainted with the shareholders' register to get to know his/her own share. The Board shall be keen on the fair distribution of profits, which should be based on the number of stocks held by each shareholder.

Component Five (Transparency and Disclosure)

Bank of Jordan Corporate Governance Guidelines are based on the principles of integrity, objectivity, transparency, disclosure, openness, and accountability for decisions adopted by the Bank. This stems from the Bank's belief that disclosure offers the only means to provide transparent, accurate, comprehensive, and timely information. This helps users assess the Bank's financial position, its achievements, activities, as well as risks facing the Bank and the risk management policies. Therefore, the Bank has disclosed all necessary information in its Annual Report along with the Corporate Governance Code and detailed principles of compliance therewith.

● Products and Services:

Bank of Jordan pursued a strategy aimed at expanding its customer base and targeting new clientele. In 2011, the Bank worked further on developing its products and services to fulfill client needs and cope with developments and changes emerging in the banking market as well as the domestic and regional economy.

In addition, the Bank worked on developing and upgrading channels of service delivery with the aim of excelling at serving its customers and enhancing customer satisfaction for individuals, companies, and SMEs.

● Retail Services:

Bank of Jordan persisted in targeting the retail sector and expanding its customer base. It went on introducing and developing relevant products and schemes to improve service delivery and better appeal to the retail sector. Accordingly, it signed an agreement with an international consultancy firm to develop a strategic plan for the retail service sector, in order to utilize the latest techniques and work patterns and achieve an advanced position in the retail sector.

The Bank developed products and services to further respond to the actual needs of customers. Several programs were developed for this purpose including the "Al-Hal" for personal loans, the children's savings account "Sanabel", a new scheme of points in addition to the discount program promoting the Visa Electron and credit cards. Moreover, the Bank initiated an email service to send customers statements of account, statements of credit cards and advices.

In order to improve service delivery, the Contact Center was launched in 2011. The Center is a major input for the Bank's performance as it helps fulfill the clients' needs round the clock. The Bank continued to use the "Mystery Shopper Program" to monitor and evaluate service quality at branches. In fact, the Bank has already completed the third out of four phases of the program, which has continued for another year and has positively contributed to the improvement of service delivery at all points of interaction with the public.

● Corporate Services:

The Corporate Group achieved good performance rates in 2011 as it provided the financing necessary for several sectors, productive economic activities, economically feasible projects and major companies. Focus was on implementing quality financial transactions and maintaining the credit portfolio at a tolerant risk degree. This was done by considering the slow pace of development at local and regional markets, the poor demand for commodity and service packages, as well as the impact on the volume of trade dealings due to the persistent slow growth in the economic and financial sectors.

In 2011, the Bank participated in financing some vital sectors including those of energy and food. It carried on its efforts to deliver some loans under a bank consortium, the balance of which reached JD21.5 million in 2011 and was aimed at financing productive economic projects for commercial and academic centers in addition to industrial companies.

● SME Services:

The Bank continued its service delivery to SMEs through its competent centers all over the Kingdom. The SME sector is considered a major and important contributor to creating job opportunities and activating the economic growth engine. In 2011, the Bank delivered long- and short-term finance services to SMEs engaged in commercial, industrial and service activities. The Bank furthered development and creation of links with institutions supporting the SME sector; it leveraged cooperation with the Jordan Loan Guarantee Corporation, and USAID Programs and provided some loans as required. In addition, efforts were made to have Bank of Jordan participate in implementing the grant agreement to guarantee loans delivered by OPIC to SMEs, in order to mitigate risks and boost financing offered to this sector.

In 2011, studies were conducted to segment the market to sub-sectors and develop credit programs relevant to some business sectors. Some cases in point include the analytical study of the foreign trade sector in Jordan, reclassification of the economic sector for clients included in the credit portfolio, and the establishment of marketing plans for the targeted sectors.

● Leasing Services:

In the fourth quarter of 2011, Bank of Jordan launched a leasing subsidiary that is fully owned by the Bank called "Jordan Leasing Company." It is registered as a private shareholding company with a capital of JD10 million. This company is part of the Bank's strategic directives to fulfill the needs and requirements of current clients while targeting new segments and groups of clients, especially those reluctant to engage in conventional finance methods. It seeks to make use of the opportunities of growing demand for leasing services in the Jordanian market. The company, which commenced business at the end of December 2011, aims to diversify the Bank's investments and sources of income. It delivers new services such as comprehensive financial leasing, and retail and corporate real estate financial leasing services, no matter what sector they are engaged in.

More and above, the Bank resumed its leasing services to its clients to purchase assets including production lines, trucks, auto buses, and all other types of equipment and machines.

● Network of Branches:

Bank of Jordan has been always keen on strengthening its network of branches and marketing niches while developing the business environment at its branches to reflect the corporate identity of the Bank and improve its service delivery. Implementing the 5-year plan which provides for modernizing existing branches and launching new branches to reach all targeted segments and groups of clients, Bank of Jordan opened new branches in Um Al-Amad, Sport City, and Taj Mall in 2011.

The branches of Madaba and Marj Al-Hamam were relocated and the SME Development Center was moved from Sweifieh to its new base at Al Rawnaq branch. A contact center and a training center were established in Mecca Street. The branches of Shmeisani, Abu Nuseir, Al Bayader, and Jabal Al Hussein have all undergone renovated processes.

In Palestine, the Bank opened a branch in Arraba in order to strengthen its visibility in the Jenin province. In fact, Bank of Jordan worked on a restructuring plan in Palestine to centralize operations and separate them from customer services and sales activities. The office at Qabatiya was upgraded to a branch and specialized centers were established to serve business sectors, including SMEs, and provide them with qualified and competent human resources capable of responding to the needs of businesses in Hebron, Ramallah, and Jenin.

In the Syrian market, new branches were opened in Tartous, Hamadanieh, Al Azeziah and Al Abbaseen in addition to the Trans Mall office in Homs. Branches and offices operating in the Syrian market count for 13 entities. The Bank established a center for business development in operation management in Sahnaya, which brought the number of business development centers to five. These centers deliver facility services to major companies as well as SMEs and reach targeted groups in order to boost competitiveness of the Bank in the Syrian market.

● Electronic Banking Options:

In 2011, Bank of Jordan persisted in its efforts to develop and diversify services delivered electronically. It launched the Contact Center in order to respond to the clients' needs round the clock so that they can have access to a plethora of services including inquiries, invoice payments and fund transfers to the customer's accounts and to other customer accounts in Bank of Jordan. The clients can have access to such services either through the Interactive Voice Response (IVR) if they hold a Visa electron card or through the help of the Contact Center operator.

Now, clients can pay water, electricity, Orange (mobile/fixed/internet), and Zain (mobile) bills for free, using automatic teller machines (ATM) and electronic channels (internet banking and IVR).

The Queue Management System was introduced and operated at the Gardens, Irbid, Marka, Shmeisani, and Madaba branches. In 2012, this service will be introduced to other branches.

To widen its ATM network, the Bank provided more ATM facilities in Jordan, Palestine and Syria. In Jordan, ATMs count for 109, 20 of which include online cash deposits (BNA). ATMs also count for 27 in Palestine and 16 in Syria.

In order to further interaction with clients and present all details of its services and products as well as its new campaigns, the Bank developed separate websites for its Palestinian branches and Bank of Jordan-Syria.

● Organizational Structure and Technical Resources:

Bank of Jordan pursues a strategy aimed at upgrading its infrastructure and providing a business environment, databases, policies, and authorization mechanisms that can cope with its current and future business requirements. These logistics should help reduce the time required for service delivery in order to achieve cost effectiveness and improve service delivery to clients, which is the competitive edge for the Bank. In 2011, the Bank further pursued the implementation of projects and business programs aimed at improving its organizational structures, operations, and automatic systems. Job descriptions were completed for all positions and jobs at the Bank, and the Department of Retail Banking Services was restructured in line with the outputs of the Retail Sector Development Strategy. Procedures and powers provided for in the procurement, inventory management and expense regulations were restructured. Work procedures were further developed in response to the requirements mandated by supervisory agencies. A developmental process has already been introduced to advance the credit function according to new standards and methodologies for prompt service delivery. The E-statement function has been implemented and the new checks' specifications were observed and put into effect according to the requirements set by the Central Bank of Jordan. Preparations and arrangements are underway to implement the Payment Card Industry (PCI) Data Security Standard.

Bank of Jordan, nevertheless, persisted in efforts aimed at developing and upgrading its technological, technical and telecommunication infrastructure. It upgraded and qualified its Wide Area Network (WAN) using the Multiprotocol Label Switching (MPLS) technology to provide for a higher speed specification that can better cope with the current and future needs of the Bank. The Voice Over Internet Protocol (VOIP) has been introduced to perform telephone calls between the branches and the headquarter departments.

A specialized security monitoring and control provider was contracted to secure automatic monitoring of networks and systems. A closed circuit TV (CCTV) was delivered and installed. An Intranet system was provided for easy access and circulation of information among employees. New regulations for the Human Resource system are being produced in cooperation with a competent consultancy firm.

The restructuring project for Palestinian branches was implemented and delivered in conformity with the organizational standards adopted at Bank of Jordan, in order to enhance the Bank's competitiveness in the Palestinian market. Accordingly, the Central Operation Department was created and branches were restructured to be in line with the new organizational structure. The e-loan system was introduced in order to deregulate and facilitate access to administrative approvals required for the retail banking facilities. Within the same context, CREMS was introduced at the Bank to facilitate access to administrative approvals required for corporate and SME clients. The Cost Center Approach was introduced in the branches of Palestine as a first step to implement the Data Warehouse (DWH) system.

The Central Operation Department at Bank of Jordan-Syria was restructured to include the banking operation department, credit management, human resources, local central operations, systems and information technology, and the financial department. The Property and Maintenance Department was established to provide maintenance work for the Bank. A temporary disaster recovery site was furnished for crisis management purposes. A central archives was created to keep records forwarded by branches for a user-friendly reference and to protect them from damage and loss. Cost Center Approach was introduced as a first step to implement the DWH system. The Bank's Bylaw was modified and amended in compliance with the Syrian Law of Labor No. (17) for 2010.

Bank of Jordan revisited risk profiles for all of its units to ensure sound risk management and compliance. It reviewed and classified its risk-based operational rules. Key Risk Indicators (KRI) are automatically applied using CARE system and a threshold was identified and approved for each indicator at branches and relevant departments.

For Stress Testing purposes, stress scenarios were reviewed and amended; tests were conducted according to the risk profile of the Bank and its scope of work. The Internal Capital Adequacy Assessment Process (ICAAP) was revisited and discussed with the competent task force created by the Central Bank of Jordan in compliance with the second pillar of Basel II Standard.

The automatic system of anti-money laundering and terrorism finance was put into full capacity operation. The anti-money laundering policy and the policy of operational risks were revisited to ensure compliance with the requirements of supervisory authorities on the one hand and business environment on the other.

The e-learning system was introduced to raise awareness and educate employees on anti-money laundering and terrorism finance functions. The whistleblower system was introduced to enable employees to report illicit practices and activities that violate laws, bylaws or regulations, in order to avoid and control risks. To fulfill requirements of supervisory agencies in a timely manner, all requirements of disclosure were identified and processed into a special manual using IGraph. To ensure information security and safety, the Bank assessed and explored requirements of Management Security Services.

The Risk Unit of the Bank branches in Palestine was restructured and aligned with Basel II requirements to include the market and credit risks in addition to operational risks. Risk profiles were created for the new units at the Regional Management and work is underway to conduct Stress Testing according to instructions issued by the Palestinian Monetary Authority.

Policies to regulate operations and functions at Bank of Jordan-Syria were prepared and developed including an anti-money laundering and terrorism finance policy, an investment policy, and liquidity management policy. The Bank went on to implement Basel II standards related to statements of dues and the whistleblower system. The database to implement the non-performing account classification system was completed. Stress Testing was conducted on a regular basis and the Business Continuity Plan was completed.

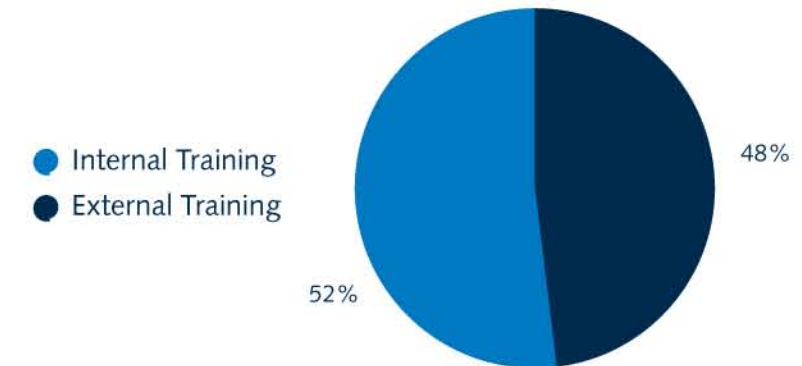
● Human Resources:

The Bank persisted in its strategy to improve human resources and develop their technical, personal and managerial capacities. Some projects were implemented to develop human resources according to the best and latest managerial practices. Job assessment was completed including the design of a job grade structure and a salary scale relevant to the banking market in Jordan. Of course, this will produce a positive effect in terms of employee satisfaction and retention of highly qualified staff. In addition, the project provides a good platform for sketching and developing plans of human resource management taking into consideration an automated system for human resource management, which has already been introduced and operated at the Bank in cooperation with a consultancy firm. The Bank furthered its goal oriented performance assessment system to reward highly productive employees while implementing the "Ideal Employee" and "Champions of the Bank" initiatives.

To secure sound progress at work in all branches and headquarter departments, the back-up team was habilitated. Some policies and procedures relevant to human resources and incentive packages were revisited to ensure compliance with the best international practices.

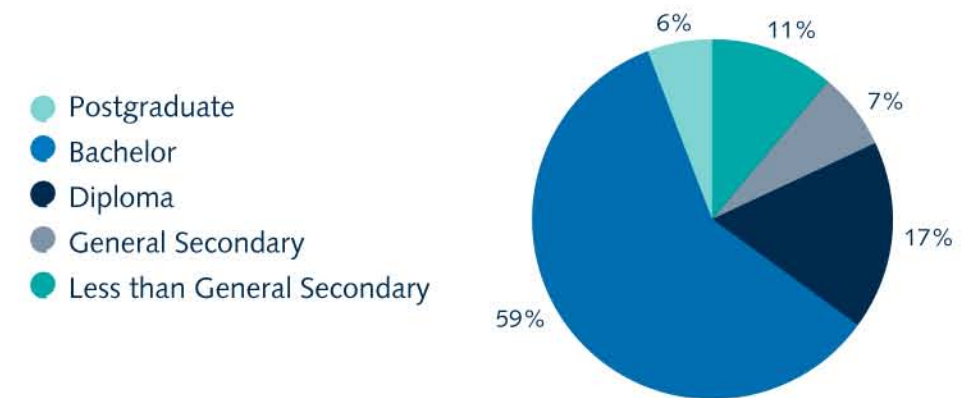
In 2011, the Bank provided further training for employees at all hierarchical levels; 1720 training opportunities were provided for the Bank's employees through 172 training events organized inside and outside the Bank covering all aspects of the banking profession.

Training Courses Distribution During 2011



In 2011, the Bank was further keen on filling in vacancies that resulted from expanding the scope of work, restructuring, and implementing development processes at the Bank's headquarters and branches. Accordingly, there are now a total of 1790 staff members.

Classification of Bank's Employees According to Educational Qualifications for the Year 2011



Moreover, training workshops were conducted for employees of the Bank branches in Palestine to help them cope with the new Centralized Operation System.

Bank of Jordan-Syria launched a training center for operations management in Sahnaya and endorsed the employee performance appraisal project.

● **Corporate Social Responsibility:**

Implementing its mission and set of values that stem from a deep conviction of social responsibility towards the local community, Bank of Jordan furthered its support and sponsorship of several scientific, cultural, sports and social events. As the case has always been, the Bank partnered with national leading institutions in order to translate its social responsibility into visible action and secure the aspired value added in this respect.



In 2011, Bank of Jordan realized certain milestones including its initiative of education under the partnership agreement with the "Hikayat Simsem" program (the Arabic version of Sesame Street), aimed at disseminating educational messages to children. The Bank continued to support the Children's Museum by providing one year of financial assistance to the Open Day initiative, taking place on the fourth Friday each month, which offers gifts to children. It is worth mentioning that the Bank has participated in both initiatives for the third consecutive year in 2011. Under the "Madrasaty" initiative launched by Her Majesty Queen Rania Al-Abdullah, the Bank provided support to Al-Arqam bin Abi Al-Arkam School and implemented maintenance works for all its facilities as well as sponsoring the ceremony to reward outstanding students.



In terms of charity events, Bank of Jordan participated in the "Al-Birr Wal-Ihsan" campaign organized by the Jordan Hashemite Fund for Human Development and supported developmental projects to benefit families in several governorates across the Kingdom. The SOS villages in Jordan also benefited from these efforts, as the Bank has offered one-year support to one of the SOS houses for which all household costs are covered. Within the same context, the Bank contributes to the organization of monthly events such as Mother's Day and World Environment Day, as well as presenting the "Hikayat Simsem" show. Further support and donations were provided to several institutions and associations including the King Hussein Foundation, the Orthodox Club, and the Cerebral Palsy Foundation.



Bank of Jordan also supported the youth sector, through its golden sponsorship of the Dead Sea Ultra Marathon. Its yield was donated to the Society of the Care of Neurological Patients. The Bank also supported the National Football League.



Total contributions provided by Bank of Jordan under its Corporate Social Responsibility to the local community in 2011 mounted to JD451 thousand.

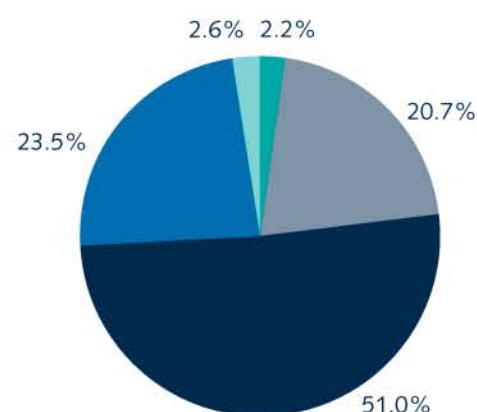
Analysis of Financial Position and Business Results for the Year 2011

The Bank's assets rose by 4.3% to reach JD2,052.9 million at the end of 2011 against JD1,969.1 million in 2010, with persistent efforts to grow shareholders' equity and maximize profitability while avoiding high-risk investments. The Bank also continued to provide sufficient liquidity to meet short and long term financial obligations and to diversify its revenue stream. Such steps helped strengthen the Bank's financial position and generate a relatively high income.

The Relative Significance of the Bank's Financial Position Items in 2011				
	In JD Million		Relative Significance %	
	2011	2010	2011	2010
Cash, balances and deposits with banks	482.1	590.6	23.5%	30.0%
Direct credit facilities – net	1,046.5	961.2	51.0%	48.8%
Diversified financial assets and investments in associates	425.1	312.9	20.7%	15.9%
Property, equipment and intangible assets	45.6	47.6	2.2%	2.4%
Deferred tax assets and other assets	53.6	56.8	2.6%	2.9%
Total Assets	2,052.9	1,969.1	100.0%	100.0%

Relative Significance of the Bank's Assets 2011

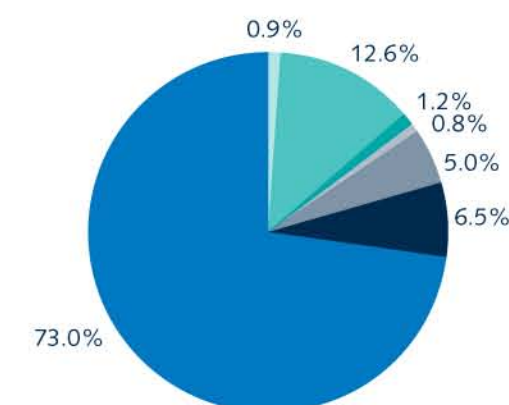
- Cash, balances and deposits with banks
- Direct credit facilities – net
- Diversified financial assets and investments in associates
- Property, equipment and intangible assets
- Deferred tax assets and other assets



Liabilities & Owners' Equity				
	In JD Million		Relative Significance %	
	2011	2010	2011	2010
Customers' deposits	1,498.0	1,482.7	73.0%	75.3%
Banks and financial institutions' deposits	133.4	104.3	6.5%	5.3%
Cash margins	102.0	101.7	5.0%	5.2%
Income tax and sundry provisions	17.8	20.1	0.8%	1.0%
Other liabilities and deferred tax	24.4	24.5	1.2%	1.2%
Owners' equity – Bank shareholders	259.2	214.4	12.6%	10.9%
Non-controllers' interest	18.1	21.4	0.9%	1.1%
Total Liabilities and Owners' Equity	2,052.9	1,969.1	100.0%	100.0%

Relative Significance of the Bank's Liabilities and Owners' Equity 2011

- Customers' deposits
- Banks and financial institutions' deposits
- Cash margins
- Income tax and sundry provisions
- Other liabilities and deferred tax
- Owners' equity – Bank shareholders
- Non-controllers' interest



Direct Credit Facilities

Total credit facilities increased by 10% (JD102.3 million) in 2011 compared to 2010. This growth is mainly attributed to the Bank's prudent credit policy implemented under the Executive Committee's supervision. The policy is supported by solid research on market and credit risks to ensure the quality of the credit portfolio in light of changing interest rates and returns on investments. In the meantime, the Bank continued to collect dues and troubled debt.

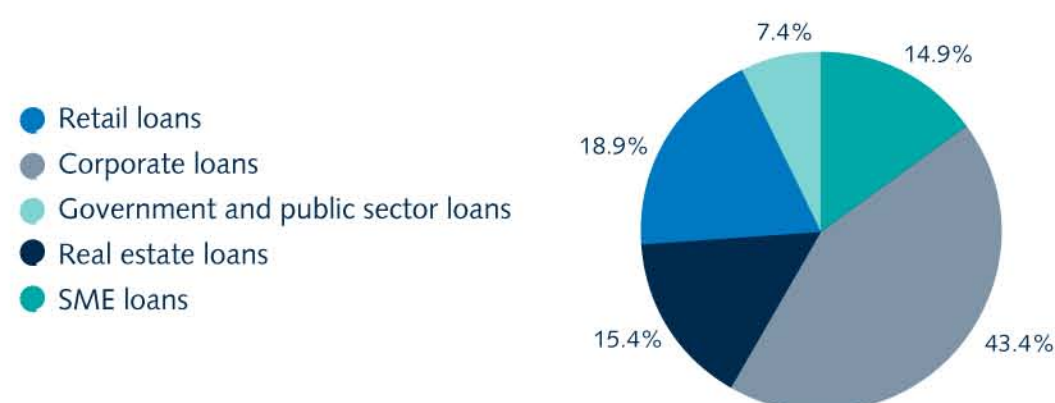
Non-performing loans registered 8.87% of total facilities (net of interest in suspense) at the end of 2011 as compared to 7.7% in 2010, which is still within the standard ratio. However, this ratio further decreases to 2.9% for 2011, after excluding provision for impairment of direct credit facilities and collaterals for bad debts.

The Bank also continued to extend loans to all categories of customers - retail, large corporate, SMEs, and the public sector - to help minimize risk and manage financial resources effectively and efficiently.

Total Facilities Portfolio According to Types of Facilities (After Deducting Paid in Advance Interests and Commissions)

	In JD Million		Relative Significance %	
	2011	2010	2011	2010
Retail loans	213.3	186.7	18.9%	18.2%
Real estate loans	172.8	169.9	15.4%	16.6%
Corporate loans	488.9	514.7	43.4%	50.3%
SME loans	167.8	123.6	14.9%	12.1%
Government and public sector loans	82.9	28.4	7.4%	2.8%
Total	1,125.7	1,023.4	100.0%	100.0%

Relative Significance of Facilities Portfolio According to Type for 2011



Provision for Impairment of Direct Facilities

The Bank continues to take necessary measures to reduce loss exposure. Thus, it has allocated sufficient provisions against doubtful loans - for each loan separately and for the portfolio as a whole. These provisions are in compliance with international accounting standards and monetary requirements, and the external auditor's recommendations. On a single client basis, the coverage ratio of provisions for non-performing loans after deducting suspended interest stood at 66.8% in 2011 against 60.8% in 2010. Unneeded provisions, which were re-allocated as provisions for other loans, reached JD5.1 million aside from provisions already allocated which amounted to JD14.4 million. The fair value of collaterals held as security against credit facilities stood at JD504.2 million, compared to JD487.8 million in 2010.

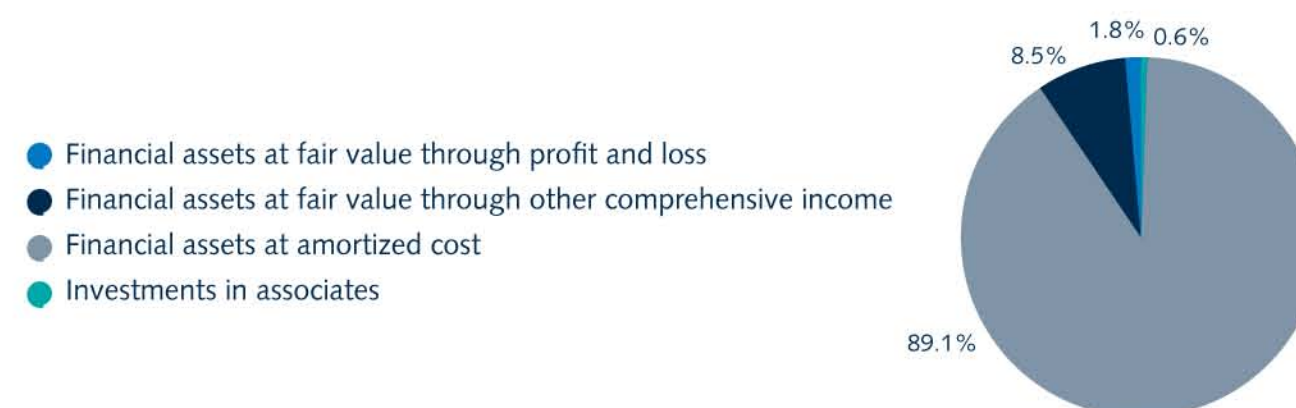
Financial Assets Portfolio

The financial assets portfolio rose by JD112.2 million in 2011 - about 36% compared to 2010. This rise came as a result of the increased investment in treasury bills and bonds against the government free-risk guarantee for an amount of JD353.4 million - 83.2% of the total financial assets portfolio.

Financial Assets Portfolio Elements and Their Relative Significance

	In JD Million		Relative Significance %	
	2011	2010	2011	2010
Financial assets at fair value through profit and loss	7.7	-	1.8%	-
Financial assets at fair value through other comprehensive income	35.9	-	8.5%	-
Available-for-sale financial assets	-	43.5	-	13.9%
Financial assets at amortized cost	378.7	-	89.1%	-
Held to maturity financial assets	-	266.6	-	85.2%
Investments in associates	2.7	2.8	0.6%	0.9%
Total	425.0	312.9	100.0%	100.0%

Relative Significance of Financial Assets Portfolio According to Type 2011

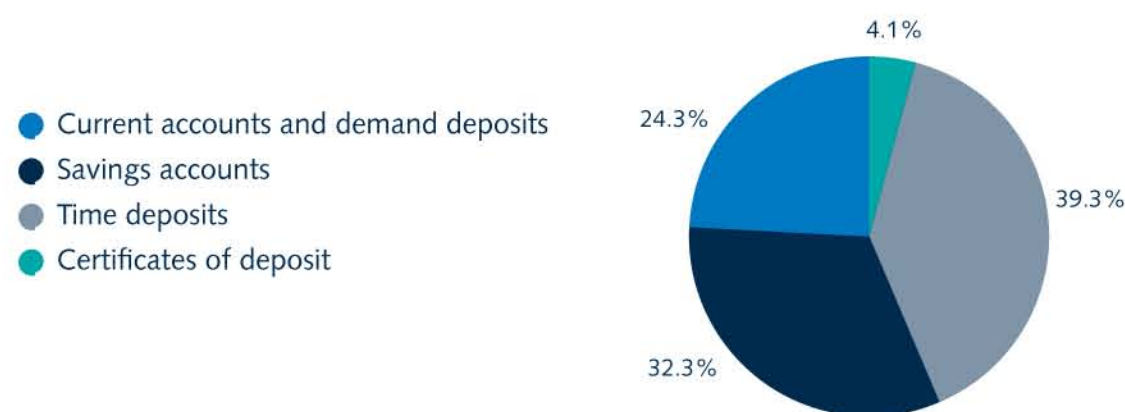


● Customer Deposits

Customer deposits recorded an increase of JD15.3 million to settle at JD1,498 million in 2011 - compared to JD1,482.7 million in 2010 - as the Bank continued to attract fixed and low cost deposits, promote its savings accounts, and grow its depositor base. As a result, savings accounts climbed by 5.4%, current accounts and demand deposits by 3.8%, and CDs by 25% in 2011, as compared to 2010. Meanwhile, time deposits declined by 5.6%, while non-interest bearing deposits jumped to JD523.8 million compared to JD491.9 million in 2010.

Customer Deposits According to Type and Relative Significance				
	In JD Million		Relative Significance %	
	2011	2010	2011	2010
Current accounts and demand deposits	364.4	350.9	24.3%	23.7%
Savings accounts	483.6	459.0	32.3%	31.0%
Time deposits	589.0	624.0	39.3%	42.0%
Certificates of deposit	61.0	48.8	4.1%	3.3%
Total	1,498.0	1,482.7	100.0%	100.0%

Relative Significance of Customer Deposits - 2011



● Owners' Equity – Bank Shareholders

Shareholders' equity surged to JD259.2 million in 2011 from JD214.4 million in 2010 - an increase of JD44.8 million or 20.9%. The Bank's capital rose by JD55.1 million at a rate of 55.1% and statutory reserve rose to JD43.3 million in 2011 - an increase of JD4.9 million compared to 2010. The voluntary reserve, however, stood at JD8.9 million. It is worth noting that the Board of Directors made a recommendation to the General Assembly to distribute cash dividends of 15% of capital (JD23.3 million).

● Capital Adequacy

The capital adequacy ratio stood at 14.27% in 2011 against 13.57% in 2010, which is higher than the 12% minimum required by the Central Bank of Jordan. It is also higher than the 8% minimum ratio set by the Basel Committee (Bank for International Settlements). The regulatory capital adequacy ratio stood at 13.9%.

● Bank's Financial Results

The Bank's total revenues increased to JD142.9 million in 2011 from JD131 million in 2010 at a growth rate of 9%, while total income reached JD112.6 million against JD100.3 million in 2010. Net interest and commission income rose to JD97.2 million, against JD90.8 million in 2010.

Net profit before taxes and provisions mounted to JD65.5 million in 2011 versus JD55.1 million in 2010. The net profit - after deducting income tax, provisions for impairment of direct credit facilities, and other provisions - reached JD36.6 million against JD32.1 million in 2010 at a rate of 13.9%.

Net Profit Before and After Taxes and Provisions

	In JD Million		Difference
	2011	2010	2011
Net profit before taxes and provisions	65.5	55.1	10.4
Provision for impairment of direct credit facilities	(14.4)	(8.5)	(5.9)
Sundry provisions	(1.4)	(1.2)	(0.2)
Net profit before tax	49.7	45.4	4.3
Paid & assigned income tax	(13.1)	(13.3)	0.2
Net profit available after tax	<u>36.6</u>	<u>32.1</u>	<u>4.5</u>

Total Realized Revenues and Their Relative Significance				
	In JD Million		Relative Significance %	
	2011	2010	2011	2010
Received interest	111.2	106.3	77.8%	81.2%
Net commission income	16.3	15.2	11.4%	11.6%
Financial assets (shares) profit	5.9	2.8	4.1%	2.1%
Foreign exchange profit and other revenues	9.5	6.7	6.7%	5.1%
Total	142.9	131.0	100.0%	100.0%

Relative Significance of Total Revenues - 2011



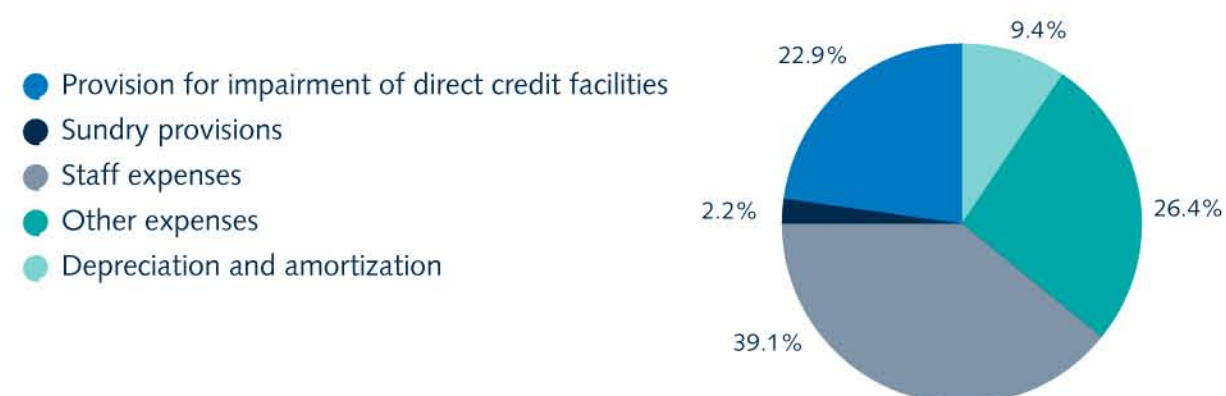
Expenses and Provisions

Total expenses and provisions reached JD62.9 million in 2011 against JD54.9 million in 2010 - an increase of JD8 million or 14.6%. This is due to the increased provision for impairment of credit facilities that amounted to JD5.9 million. Other expenses also saw a growth of JD92 thousand only due to increased cost of rental, advertising, subscriptions, insurance fees, maintenance, and lower university fees and other expenses. Additionally, expenses of human resources and end-of-service provisions increased by JD1.6 million and the depreciation increased by JD349.6 thousand as the Bank pursued further expansion of its branch network and development of its internal systems.

Salaries and remunerations of the Senior Executive Management mounted to JD1.5 million against JD1.3 million in 2010. Furthermore, Bank of Jordan paid JD126 thousand in audit fees in 2011. Audit fees for Bank of Jordan-Syria and Excel Company amounted to JD33.1 thousand and JD5.2 thousand, respectively.

Expenditures and Provisions and Their Relative Significance				
	In JD Million		Relative Significance %	
	2011	2010	2011	2010
Provision for impairment of direct credit facilities	14.4	8.5	22.9%	15.5%
Sundry provisions	1.4	1.2	2.2%	2.2%
Staff expenses	24.6	23.2	39.1%	42.3%
Other expenses	16.6	16.5	26.4%	30.0%
Depreciation and amortization	5.9	5.5	9.4%	10.0%
Total	62.9	54.9	100.0%	100.0%

Relative Significance of Expenditures and Provisions 2011

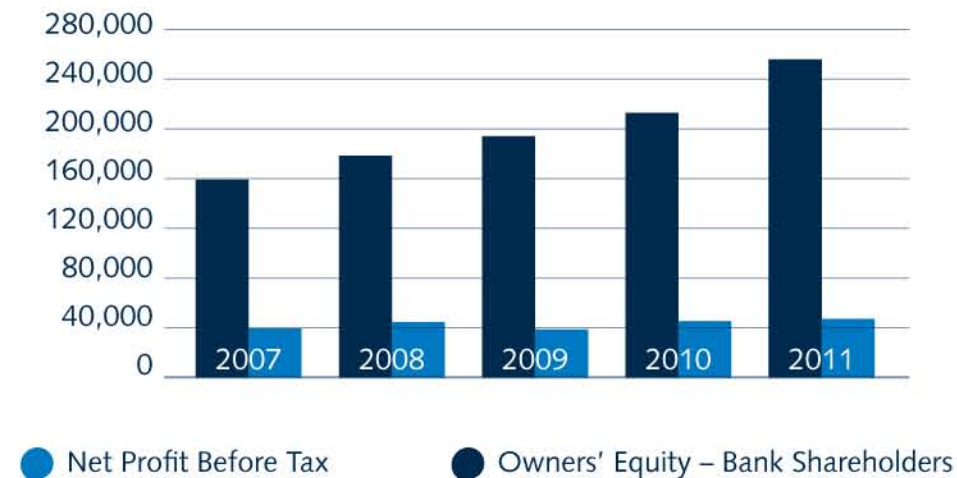


Main Financial Ratios		
	2011	2010
Return on average shareholders' equity	15.2%	15.6%
Return on capital	23.58%	32.12%
Return on average assets	1.8%	1.7%
Profitability per employee (after tax)	JD20,431	JD18,607
Interest income / Average assets	5.53%	5.48%
Interest expense / Average assets	1.51%	1.58%
Interest margin / Average assets	4.02%	3.90%
Coverage of credit facilities' impairment provision for non-performing loans	68.0%	68.1%
Non-performing loans / Total credit facilities	8.9%	7.7%

Our Goals for 2012

Financial Indicators (2007 - 2011)		Amount in JD Thousand				
Fiscal Year	2007	2008	2009	2010	2011	
Total assets	1,455,719	1,686,018	1,907,992	1,969,064	2,052,858	
Total credit facilities	787,368	876,692	917,407	1,023,349	1,125,667	
Total deposits (customers & banks)	1,179,523	1,330,230	1,526,392	1,586,989	1,631,418	
Owners' equity – Bank shareholders	161,206	179,604	192,668	214,408	259,194	
Non-controllers' interest	-	11,561	21,455	21,351	18,114	
Net profit before tax	39,668	44,297	36,909	45,427	49,674	

The Development of Owners' Equity - Bank Shareholders and Profit



The Development of Financial Position



- Continue to enhance the financial and competitive position of Bank of Jordan in all the markets where it operates (Jordan, Palestine, and Syria) and keep its major financial rates in conformity with the requirements of supervisory agencies and international standards.
- Develop and further the comprehensive bank concept, focusing on the retail sector with its own strategic plan, and fulfilling finance needs for productive economic sectors including Corporate Customers and SMEs in markets where the Bank operates. The Bank works on maintaining risks at an acceptable level as well as strengthening links and ties with the institutions supporting SMEs.
- Complete steps to launch the "Jordan Leasing Company" in order to diversify finance choices for retail, corporate and all other economic sectors.
- Develop the Bank's products and services based on a study of clients' needs while responding to economic developments on markets of operation. In this sense, we are targeting new clientele while retaining existing ones.
- Continue to strengthen the Branches' Network to reach targeted clientele. This network must be ready to deliver the aspired level of service whether through conventional or electronic channels. The business environment at the Bank outlets must be developed and maintained in line with business requirements and the Bank's corporate identity.
- Continue to implement and complete projects and business programs at the organizational and operational levels, in order to help improve service delivery as well as provide a working environment and a set of procedures capable of responding to the current and future requirements of the Bank.
- Persist in developing and strengthening the Information and Communication Technology (ICT) at the Bank to help increase effectiveness and efficiency of operations, mitigate pertinent risks and reach the ultimate aspiration of improved service delivery.
- Continue to enhance and ensure the Bank's commitment and conformity with banking laws, legislative frameworks, and profession banking codes issued by supervisory agencies in Jordan, Palestine, and Syria. Accordingly, the Bank will resume updating its risk management plan while focusing on the issuance of regulations and instructions aimed at improving institutional governance and fulfilling Basel II requirements. Of course, all security components and aspects will always be observed and implemented.
- Work further on developing human resources to increase efficiency, develop capacity, and improve technical and interpersonal skills. Human resource projects will be completed while human resource systems and policies will be implemented in line with the latest managerial practices.
- Continue to enhance the positive image of Bank of Jordan and its reputation in the community while sustaining its distinct visibility in the banking market. The Bank's name and its contributions in corporate social responsibility must be further highlighted through its support of social, educational, service and environmental projects.



Consolidated Financial Statements and Independent Auditor's Report 2011

Independent Auditor's Report

Consolidated Statements of Financial
Position

Consolidated Statements of Income

Consolidated Statements of Other
Comprehensive Income

Consolidated Statements of Changes in
Owners' Equity

Consolidated Statements of Cash Flows

Notes to the Consolidated Financial
Statements

Independent Auditor's Report

AM/ 8572

To the Shareholders of
Bank of Jordan
Amman – The Hashemite Kingdom of Jordan

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Bank of Jordan (Public Shareholding Limited Company) which comprises of the Consolidated Statement of Financial Position as at December 31, 2011, 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 financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial position of Bank of Jordan as of December 31, 2011, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on the Legal and Regulatory Requirements

The Bank maintains proper accounting records duly organized and aligned with the accompanying consolidated financial statements and with the financial data 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 consolidated financial statements which are in the Arabic language to which reference should be made.

Amman – Jordan
Deloitte & Touche (M.E) - Jordan
January 22, 2012

Consolidated Statement of Financial Position

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan JD

	Note	December 31	
		2011	2010
Assets			
Cash and balances with central banks	4	187,834,046	369,688,690
Balances with banks and financial institutions	5	294,292,533	216,910,695
Deposits with banks and financial institutions	6	-	3,975,910
Financial assets at fair value through profit or loss	7	7,662,290	-
Financial assets at fair value through other comprehensive income	8/A	35,937,138	-
Available-for-sale financial assets	8/B	-	43,498,876
Direct credit facilities – net	9	1,046,500,369	961,163,483
Financial assets at amortized cost	10/A	378,726,204	-
Held-to-maturity financial assets	10/B	-	266,603,394
Investments in associates	11	2,747,017	2,760,520
Property and equipment – net	12	42,916,974	45,532,948
Intangible assets	13	2,683,432	2,058,972
Deferred tax assets	19/B	7,402,232	8,217,405
Other assets	14	46,155,808	48,653,262
Total assets		2,052,858,043	1,969,064,155
Liabilities and Owners' Equity			
Liabilities:			
Banks and financial institutions' deposits	15	133,418,617	104,252,623
Customers' deposits	16	1,497,999,648	1,482,736,214
Cash margins	17	102,026,407	101,670,191
Sundry provisions	18	6,964,931	6,593,622
Income tax provision	19/A	10,728,749	13,524,475
Deferred tax liabilities	19/B	3,604,494	2,989,127
Other liabilities	20	20,807,091	21,538,514
Total liabilities		1,775,549,937	1,733,304,766
Owners' equity			
Equity attributable to Bank's shareholders			
Paid-up capital	21	155,100,000	100,000,000
Statutory reserve	22	43,295,048	38,373,895
Voluntary reserve	22	8,928,707	24,731,661
General banking risks reserve	22	10,876,048	9,736,920
Special reserve	22	1,112,803	504,471
Foreign currencies translation differences	23	(3,657,895)	134,706
Fair value reserve – net	24/A	1,649,820	-
Cumulative change in fair value	24/B	-	7,635,938
Retained earnings	25	41,889,198	33,290,553
Total equity attributable to the Bank's shareholders		259,193,729	214,408,144
Non-controllers' interest		18,114,377	21,351,245
Total owners' equity		277,308,106	235,759,389
Total liabilities and owners' equity		2,052,858,043	1,969,064,155

The accompanying notes from 1 to 49 constitute an integral part of these statements and should be read with them.

Consolidated Statement of Income

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan		JD	
	Note	For the year ended December 31	
		2011	2010
Interest income	27	111,176,081	106,279,913
Interest expense	28	30,318,522	30,649,764
Net interest income		80,857,559	75,630,149
Commissions income – net	29	16,297,450	15,163,430
Net interest and commissions income		97,155,009	90,793,579
Foreign currencies income	30	6,253,004	3,566,793
Gains from financial assets at fair value through profit or loss	31	4,196,011	-
Cash dividends from financial assets at fair value through other comprehensive income		1,735,928	-
Gains from available-for-sale financial assets	32	-	2,799,853
Other income	33	3,215,396	3,144,801
Total income		112,555,348	100,305,026
Employees expenses	34	24,606,370	23,238,926
Depreciation and amortization	12,13	5,859,017	5,509,354
Other expenses	35	16,552,492	16,460,595
Provision for impairment of direct credit facilities	9	14,422,057	8,512,590
Sundry provisions	18	1,427,946	1,146,741
Total expenses		62,867,882	54,868,206
Profit from operations		49,687,466	45,436,820
Bank's share of investment in associate (losses)	11	(13,503)	(10,145)
Profit before income tax		49,673,963	45,426,675
Less: Income tax expense	19	(13,103,262)	(13,311,265)
Net profit for the year		36,570,701	32,115,410
Attributable to:			
Bank's shareholders		36,043,069	31,692,585
Non-controllers' interest		527,632	422,825
Earnings per share for the year attributable		36,570,701	32,115,410
To the Banks' shareholders			
Basic	36	0.252	0.246
Diluted	36	0.252	0.246

The accompanying notes from 1 to 49 constitute an integral part of these statements and should be read with them.

Consolidated Statement of Other Comprehensive Income

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan		JD	
		For the year ended December 31	
		2011	2010
Net profit for the year		36,570,701	32,115,410
Other comprehensive income items:			
Foreign currencies translation differences		(7,381,373)	258,815
Gains on sales of financial assets at fair value through other comprehensive income		809,569	-
Change in fair value reserve – net of tax		1,649,820	-
Net cumulative change in the fair value of available-for-sale investments – net of tax		-	4,262,100
Total other comprehensive income		31,648,717	36,636,325
Total other comprehensive income attributable to:			
The Bank's shareholders		34,885,585	36,081,504
Non-controllers' interest		(3,236,868)	554,821
		31,648,717	36,636,325

The accompanying notes from 1 to 49 constitute an integral part of these statements and should be read with them.

Consolidated Statement of Changes in Owners' Equity

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan

	Reserves												Total Equity
	Paid-up Capital	Issuance Premium	Statutory	Voluntary	General Banking Risks	Special	Foreign Currencies Translation	Fair Value Reserve-Net	Cumulative Change in Fair Values-Net	Retained Earnings	Total Shareholders' Equity	Non-Controllers' Interest	
For the Year Ended December 31, 2011													
Balance – beginning of the year	100,000,000	-	38,373,895	24,731,661	9,736,920	504,471	134,706	-	7,635,938	33,290,553	214,408,144	21,351,245	235,759,389
Foreign currencies translation	-	-	(10,137)	(10,136)	-	-	(3,792,601)	-	-	196,001	(3,616,873)	(3,764,500)	(7,381,373)
Profit for the year	-	-	-	-	-	-	-	-	-	36,043,069	36,043,069	527,632	36,570,701
Effect of early adoption of IFRS 9 – Note (49)	-	-	-	-	-	-	-	-	(7,635,938)	7,635,938	-	-	-
Gains on sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	809,569	809,569	-	809,569
Changes in fair value reserve – net of tax	-	-	-	-	-	-	-	1,649,820	-	-	1,649,820	-	1,649,820
Total other comprehensive income	-	-	(10,137)	(10,136)	-	-	(3,792,601)	1,649,820	(7,635,938)	44,684,577	34,885,585	(3,236,868)	31,648,717
Transfer to reserves	-	-	4,931,290	8,888,124	1,139,128	608,332	-	-	-	(15,566,874)	-	-	-
First increase of paid up capital *	10,000,000	16,400,000	-	-	-	-	-	-	-	-	26,400,000	-	26,400,000
Second increase of paid up capital **	45,100,000	(16,400,000)	-	(24,680,942)	-	-	-	-	-	(4,019,058)	-	-	-
Dividends paid ***	-	-	-	-	-	-	-	-	-	(16,500,000)	(16,500,000)	-	(16,500,000)
Balance – end of the year	155,100,000	-	43,295,048	8,928,707	10,876,048	1,112,803	(3,657,895)	1,649,820	-	41,889,198	259,193,729	18,114,377	277,308,106
For the Year Ended December 31, 2010													
Balance – beginning of the year	100,000,000	-	33,822,569	19,860,215	8,318,914	-	(122)	-	3,373,838	27,292,897	192,668,311	21,454,753	214,123,064
Foreign currencies translation	-	-	-	-	-	-	134,828	-	-	(8,009)	126,819	131,996	258,815
Profit for the year	-	-	-	-	-	-	-	-	-	31,692,585	31,692,585	422,825	32,115,410
Changes in fair value – net of tax	-	-	-	-	-	-	-	-	4,262,100	-	4,262,100	-	4,262,100
Total other comprehensive income	-	-	-	-	-	-	134,828	-	4,262,100	31,684,576	36,081,504	554,821	36,636,325
Transfer to reserves	-	-	4,551,326	8,243,298	1,418,006	504,471	-	-	-	(14,058,772)	658,329	(658,329)	-
Dividends paid ***	-	-	-	(3,371,852)	-	-	-	-	-	(11,628,148)	(15,000,000)	-	(15,000,000)
Balance – end of the year	100,000,000	-	38,373,895	24,731,661	9,736,920	504,471	134,706	-	7,635,938	33,290,553	214,408,144	21,351,245	235,759,389

* According to the resolution of the Bank General Assembly in its extraordinary meeting held on January 22, 2011, it was approved to increase the Bank's capital by JD10 million shares through issuing 10 million shares at a par value of JD1 each through a private offering (not public) to the strategic investors at a premium of JD1.64 per share and with a total premium of JD16,400,000. Moreover, the offering was covered in total and the Bank completed the legal procedures related to document the capital increase at companies controller's office and the Security Exchange Commission.

** According to the resolution of the Bank General Assembly in its extraordinary meeting held on March 12, 2011, it was approved to increase the Bank's capital by JD45,100,000 through capitalizing the issuance premium balance which amounted to JD16,400,000, JD24,680,942 from the voluntary reserve and JD4,019,058 from the retained earnings. Moreover, the Bank completed the legal procedures related to the capital increase at companies controller's office and the Security Exchange Commissions on April 6, 2011.

*** In accordance to the resolution of the Bank's General Assembly dated March 12, 2011, it was approved to distribute 15% of the Bank's capital as a cash dividend to the shareholders which equal to JD16.5 million.

**** In accordance to the instructions of the regulatory bodies:

- The general banking risks reserve cannot be utilized without prior approval from the Central Bank of Jordan and Palestine Monetary Authority.
- Retained earnings include a restricted amount of JD7,402,232 against deferred tax benefits as of December 31, 2011. This restricted amount cannot be utilized through capitalization or distribution unless actually realized, in addition to an amount of JD904,655 related to profit from associate companies as instructed by the Central Bank of Jordan.
- Retained earnings include an amount of JD5,779,101 as of December 31, 2011 which represents the effect of early adoption of IFRS (9) in addition to JD145,135 which represents gains on revaluation of financial assets at fair value through profit or loss. These restricted amounts cannot be utilized unless realized through actual sale as instructed by the Security Exchange Commission.
- The fair value reserve cannot be utilized including the capitalization, distribution, write-off losses or any other commercial acts unless realized through actual sale as instructed by Central Bank of Jordan and Jordan Security Commission.

The accompanying notes from 1 to 49 constitute an integral part of these statements and should be read with them.

Bank of Jordan (A Public Shareholding Limited Company) Amman - Jordan		JD	
	Note	For the Year Ended December 31	
		2011	2010
Cash Flows from Operating Activities			
Profit before income tax		49,673,963	45,426,675
Adjustments for:			
Depreciation and amortization		5,859,017	5,509,354
Provision for impairment in direct credit facilities		14,422,057	8,512,590
(Gain) from sale of property and equipment		(1,262)	(50,527)
(Gain) from financial assets at fair value through profit or loss – unrealized		(145,135)	-
Effect of exchange rate fluctuations		(5,739,722)	(3,272,277)
Sundry provisions		1,427,946	1,146,741
Loss arising from impairment in available-for-sale investment		-	237,927
Loss from impairment of real estate		26,815	5,756
Bank's share of investment in associate losses		13,503	10,145
Others		77,915	-
Profit before changes in assets and liabilities		65,615,097	57,526,384
Changes in Assets and Liabilities:			
Decrease (increase) in restricted balances		427,721	(80,923)
Decrease in deposits with banks and other financial institutions (maturing over 3 months)		3,975,910	25,460,558
Decrease in financial assets at fair value through profit or loss		3,103,153	-
(Increase) in direct credit facilities		(99,758,943)	(104,989,844)
Decrease (increase) in other assets		2,470,639	(4,776,416)
Increase in customers' deposits		15,263,434	64,664,190
Increase (decrease) in cash margins		356,216	(7,907,242)
(Decrease) in other liabilities		(1,617,895)	(2,919,464)
Net change in assets and liabilities		(75,779,765)	(30,549,141)
Net cash flows (used in) from operating activities before taxes		(10,164,668)	26,977,243
Paid from end-of-service indemnity provision and lawsuits provision		(1,056,637)	(898,666)
Income tax paid		(15,161,730)	(12,203,798)
Net cash flows (used in) from operating activities		(26,383,035)	13,874,779
Cash Flows from Investing Activities			
(Purchase) of financial assets at amortized cost		(187,562,000)	(188,274,536)
Sale/maturity of financial assets at amortized cost		75,439,190	310,536,576
(Purchase) financial assets at fair value through other comprehensive income		(2,056,458)	-
Sale of financial assets at fair value through other comprehensive income		2,072,645	-
(Purchase) of available-for-sale financial assets		-	(701,137)
Sale of available-for-sale financial assets		-	2,946,508
(Purchase) of property and equipment and advance payments to acquire property and equipment		(5,993,965)	(8,094,179)
Sale of property and equipment		3,307,851	148,184
(Purchase) of intangible assets		(1,180,128)	(352,756)
Net cash flows (used in) from investing activities		(115,972,865)	116,208,660
Cash Flows from Financing Activities			
Increase in paid up capital		26,400,000	-
(Decrease) in borrowed money		-	(15,000,000)
Foreign currencies translation		(7,381,373)	258,815
Dividends paid to shareholders		(15,613,528)	(14,175,417)
Net cash flows from (used in) financing activities		3,405,099	(28,916,602)
Effect of exchange rate fluctuations on cash and cash equivalents		5,739,722	3,272,277
Net (decrease) increase in cash and cash equivalents		(133,211,079)	104,439,114
Cash and cash equivalents – beginning of the year	37	468,464,159	364,025,045
Cash and cash equivalents – end of the year	37	335,253,080	468,464,159

The accompanying notes from 1 to 49 constitute an integral part of these statements and should be read with them.

1. General

Bank of Jordan was established in 1960 as a public shareholding limited company with headquarters in Amman – Jordan. On March 3, 1960, it was registered under number (1983) according to the Companies Law No. 33 for the year 1962 with an authorized capital of JD350,000, represented by 70,000 shares at a par value of JD5 per share. However, the Bank's authorized and paid-up capital was increased in stages last of which took place in 2007. Thus, authorized, subscribed and paid-up capital reached JD100 million with a par value of JD1 per share.

On January 22, 2011, the Bank General Assembly approved in its extraordinary meeting held to increase the Bank's capital by JD10 million shares through issuing 10 million shares at a par value of JD1 each through a private offering (not public) to the strategic investors. Moreover, the offering was covered in total and the Bank completed the legal procedures related to document the capital increase at companies' controller's office and Security Exchange Commission.

Moreover, the resolution of the Bank General Assembly in its extraordinary meeting held on March 12, 2011 approved to increase the Bank's capital by JD45,100,000 to become JD155,100,000 through capitalizing the issuance premium balance which amounted to JD16,400,000, JD24,680,942 from the voluntary reserve and JD4,019,058 from the retained earnings. The Bank completed the legal procedures related to the capital increase at companies' controller's office and the Security Exchange Commissions on April 6, 2011.

The Bank provides all financial and banking services within the Bank's scope of activities. Those services are offered through its 67 branches in Jordan and 13 branches in Palestine and its subsidiaries in Jordan and Syria (Excel for Financial Investments Company, Jordan Leasing Company and Bank of Jordan-Syria).

The consolidated financial statements have been approved by the Board of Directors in its meeting No. 551 held on January 22, 2012, subjected to approval by the General Assembly of Shareholders.

2. Summary of Significant Accounting Policies

Basis of Preparation

- The accompanying consolidated financial statements for the Bank and its subsidiaries were prepared in accordance with the standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee stemming from the International Accounting Standards Board and in conformity with the applicable laws and regulations of the Central Bank of Jordan.
- The consolidated financial statements were prepared on the historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivatives 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 consolidated financial statements are presented in Jordanian Dinar "JD", being the functional currency of the Bank.
- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2010 except for the effect of adoption of the new and modified standard as in note (48-A) herewith and the effect of adoption of the following:

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010

The Bank and its subsidiaries have early adopted the first stage for (IFRS 9) in the preparation of the consolidated financial statements as of January 1, 2011 in accordance with the requirements of the Jordan Securities Commission, the Central Bank of Jordan and the transitional provisions of the standard. Therefore the comparative figures for the previous year were not modified.

IFRS 9 Financial Instruments (issued in November 2009 and amended in October 2010) introduces new requirements for the classification and measurement of the fair value of financial assets and financial liabilities as per the following:

- IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, investments held within a business model with the objective to collect the contractual cash flows and have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other (debt investments and equity investments) are measured at their fair values at the end of subsequent accounting periods.
- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, for financial liabilities designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is recognized in the Consolidated Statement of Income.

No more accepted to present the financial assets at cost either at fair value through profit or loss or through other comprehensive income.

The effects of applying the first stage of IFRS (9) on the consolidated financial statements are detailed in note (49).

The followings are the most significant new and revised IFRSs adopted during the year ended December 31, 2011:

a. Financial assets at amortized cost

- Financial assets at amortized cost are the financial assets which the Bank management intends, according to its business model, to hold for the purpose of collecting the contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the outstanding principal.
- Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium/discount is amortized using the effective interest rate method, and recorded as debit or credit in the 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 at amortized cost 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 comprehensive income; disclosures should be made in accordance with the requirements of relevant International Financial Reporting Standards).

b. Financial assets at fair value through profit or loss

- It is the financial assets purchased by the Bank for the purpose of trading in the near future and achieving gains from the fluctuations in the short term market prices 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 in the consolidated statement of income upon acquisition) and subsequently measured in 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 or part of them 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.

c. Financial assets at fair value through other comprehensive income

- Those financial assets represent the investments in equity instruments held for long term.
- These financial assets are recognized 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 owners' equity, including the changes in fair value resulting from translation of non monetary assets stated in foreign currency. Gain or Loss from the sale of these investments or part of them should be recognized in the consolidated statement of comprehensive income and within owners' equity, and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the consolidated statement of income.
- No impairment testing is required for these assets.
- Dividends are recorded in the consolidated statement of income.

IAS 24 Related Party Disclosures (Amended)

- The amended standard simplifies disclosures for related entities to simplify the determination of a related party and reduce the discrepancies upon implementation.
- There was no impact on the consolidated financial position or financial performance upon the implementation of the amended standard.

IAS 32 Financial Instruments – Classification of Rights Issues (Amended)

- The definition of the derivative liabilities was amended by states that if such rights are issued pro rata to an entity's all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.
- There was no effect on the consolidated financial position or financial performance upon the implementation of the amended standard.

Basis of Consolidation

- The consolidated financial statements incorporate the financial statements of the Bank and the subsidiaries controlled by the Bank. Control is achieved whereby the Bank has the power to govern the financial and operating policies of the subsidiaries to obtain benefits from their activities. All intra-group transactions, balances, income, and expenses are eliminated in full.
- The financial statements of the subsidiary companies are prepared for the same financial year of the Bank using the same accounting policies adopted by the Bank. If the accounting policies adopted by the subsidiary companies are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary companies are made so as to comply with the accounting policies used by the Bank.

As of December 31, 2011, the Bank owns the following subsidiary companies:

Name of Subsidiary	Paid-up Capital	Bank's Ownership Percentage %	Subsidiary's Nature of Business	Place of Operation	Acquisition Date
Excel for Financial Investments Company	JD3,500,000	100	Financial Brokerage	Amman	March 23, 2006
Bank of Jordan-Syria *	3,000 Million (Syrian – Lira)	49	Banking Activities	Syria	May 17, 2008
Jordan Leasing Company	JD10,000,000	100	Finance Lease	Amman	December 1, 2011

- The results of the subsidiaries are incorporated into the consolidated statement of income from the effective date of acquisition which is the date on which actual control over the subsidiary is assumed by the Bank. Moreover, the operating results of the disposed subsidiaries are incorporated into the consolidated statement of income up to the effective date of disposal which is the date on which the Bank loses control over the subsidiaries.

* The results of Bank of Jordan-Syria have been incorporated in the consolidated financial statements due to the Bank's power to govern the financial and operating policies of the subsidiary.

- Non-controllers' interest represents the portion of equity not held by the Bank in the subsidiary.

Segmental Information

- Business is a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments, to the effect that it is measured according to the reports used by the Executive Director and the main decision maker at the Bank.
- Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

Direct Credit Facilities

- A provision for the impairment of direct credit facilities is recognized in the consolidated statement of income when the Bank cannot obviously recover the overdue amounts, there is objective evidence that the future cash flows of the direct credit facilities have been negatively impacted by an event, and the impairment loss can be estimated. The provision amount is recorded in the consolidated statement of income.
- Interest and commission earned on non-performing credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan, and in accordance with the instructions of the regulatory authorities in Syria and the Palestinian Monetary Authority whichever is more conservative.
- When the procedures to collect the provided for direct credit facilities are not feasible, they are written off against the provision account. Any surplus in the provision - if any - is reversed through the consolidated statement of income. Subsequent recoveries of amounts previously written off are credited to revenue.

Financial Derivatives and Hedge Accounting

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. Fair value is measured according to the prevailing market prices; the change in fair value is recognized in the consolidated statement of income.

Hedged Financial Assets

For hedge accounting purposes, the 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 an effective fair value hedge are met, the resulting gains and losses from re-measuring the valuation of fair value hedge and the change in the fair value of the hedged assets or liabilities is recognized in the consolidated statement of income.

When the conditions of an 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 year.

- **Cash flow hedge:** hedge for the change in the current and expected cash flows exposures of the Bank's assets and liabilities.

When the conditions of an effective cash flow hedge are met, the gain or loss of the hedging instruments is recognized 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.

- When the conditions of the effective hedge do not apply, the gain or loss resulting from change in the fair value of the hedging instrument is recorded in the consolidated statement of income in the same year.
- Profit or losses resulting from the foreign exchange of interest-bearing debt instruments and within financial assets at fair value through other comprehensive income are included in the consolidated statement of income. Differences in the foreign currency translation of equity instruments are included in the cumulative change in fair value reserve within owners' equity in the consolidated statement of financial position.

Available-for-Sale Financial Assets

The implemented policy prior to January 1, 2011

- These financial assets are acquired to be retained as available for sale and not for trading or to be kept until the date of maturity. They represent the shares of local and foreign companies: financial, industrial, tourist, real estate, and telecommunications companies.

These investments have been classified as available for sale at the time of purchase because of the intention of management to sell these financial instruments when selling prices provide an opportunity to make profits or generate revenues resulting from the ownership of shares.

- Available-for-sale financial assets are initially recognized at fair value including acquisition costs. They are subsequently re-measured at fair value. Changes in fair value are recognized in a separate account within other comprehensive income. When these assets are fully or partially sold, disposed of, or determined to be impaired, the cumulative gain or loss previously recognized in owners' equity is included in the consolidated statement of income. Loss from the impaired value of debt instruments is reversed when it is objectively evident that the increase in their fair value occurred after the losses had been recognized. Impairment losses from debt instruments are reversed through the consolidated statement of income. Impairment losses from the decline in the value of equity securities can be reversed through the cumulative change in fair value.
- Interest earned from financial assets available for sale is recorded in the consolidated statement of income using the effective interest method. Moreover, decline in the value of these assets is recorded in the consolidated statement of income when it happens.
- Income and losses resulting from the foreign exchange of interest-bearing debt instruments are included in the consolidated statement of income within available-for-sale financial assets. Differences in the foreign currency of equity instruments are included in the cumulative change in fair value within owners' equity in the consolidated statement of financial position.
- Financial assets for which the fair value cannot be reliably determined are shown at cost. The impairment in value is recorded in the consolidated statement of income.

Held-to-Maturity Financial Assets

The implemented policy prior to January 1st 2011

- Held-to-maturity financial assets are those non-derivatives which carry fixed or determinable payments and have fixed maturities and the Bank has the intention and ability to hold to maturity.
- Held-to-maturity investments are recorded at cost (fair value) plus acquisition costs. Premiums and discounts are amortized in the consolidated statement of income according to the effective interest rate method. Provisions associated with irrecoverable impairment in their value are deducted. Any impairment in assets is recorded in the consolidated statement of income when incurred.

Fair Value

Fair value represents the closing market price (Asset Purchase/Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements.

In case 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 current market value of a highly similar financial instrument.
- The estimated future cash flows and discounted cash flows at current rates applicable for items with similar terms and risk characteristics.
- Options pricing models.
- Evaluation of long term assets and liabilities that bears no interest in accordance with discounted cash flows using effective interest rate. Premiums and discounts are amortized within interest revenues or expenses in the consolidated statement of income.

The evaluation methods aim to obtain a fair value that reflects market expectations and takes into consideration market factors and any expected risks or 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.

Impairment in Financial Assets

The Bank reviews the values of financial assets recorded 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 indication exists, the recoverable value is estimated so as to determine the impairment loss.

Investments in Associates

- An associate is an entity over which the Bank has significant influence (but does not control) and whereby the Bank owns 20% - 50% of its voting rights. Moreover, the Bank recognizes its share in the associate based on the equity method.

- Profits and losses resulting from transactions between the Bank and its associates are eliminated according to the Bank's ownership percentage in these companies.
- The investment in the Advisory Group whereby the Bank owns 35.68% was recorded as financial assets at fair value through profit or loss, as the Bank intends to sell this investment as soon as possible. Consequently, it was shown according to the closing market value. The difference in fair value has been taken to the consolidated statement of income due to the presence of an indication to a permanent impairment as to the investment value according to the market value at year end.

Property and Equipment

- Property and equipment are stated at cost less accumulated depreciation, (except for Lands) when the assets are ready for use. Moreover, depreciation is calculated on the straight-line basis over the estimated useful lives of these assets as follows:

	%
Buildings	2-15
Equipment and Fixtures	15
Furniture	9
Vehicles	15
Computers	15
Decorations	15

- When the carrying amounts of Property and Equipment exceed their recoverable values, assets are written down, 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.

Provisions

Provisions are recognized when the Bank has an obligation on the date of the consolidated statement of financial position arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

End-of-Service Indemnity

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. Indemnities paid in excess of the provision are taken to the consolidated statement of income upon payment.

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 revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable upon the tax law, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates according to the prevailing laws, regulations, and instructions enforced in the countries where the Bank operates.
- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of assets and liabilities in the consolidated financial statements and the value of taxable amount. Deferred tax is calculated on the basis of liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or deferred tax assets are recognized.
- Deferred tax assets and deferred tax liabilities are reviewed as of the date of the consolidated statement of financial position, and reduced in case it is expected that no benefit or need will arise from, partially or totally.

Paid-up Capital

- Cost of issuing or purchasing the Bank's shares
The cost of issuance or purchase of the Bank's shares is recognized in the Retained Earnings (net after tax effect if any). If the purchase/issue transaction has not been completed, then the cost will be recognized as an expense in the consolidated statement of income.
- Treasury shares
No gain or loss is recognized in the consolidated statement of income on the purchase, sale, and issue of treasury shares but recognized in owners' equity within share premium/discount. Moreover, loss is recorded in retained earnings in case the share premium of treasury shares has been used up. Profit is recorded in retained earnings upon selling all treasury shares.

Accounts Managed on Behalf of Customers

- These represent the accounts managed by the Bank on behalf of its customers, but do not represent part of the Bank's assets.
- The fees and commissions on such accounts are shown in the consolidated statement of income.
- A provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

Offsetting

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

Realization of Income and Recognition of Expenses

- Interest income is realized by using the effective interest method except for interest and commissions from non-performing credit facilities, which have not been recognized as income and registered in interest and commissions in suspense.
- Revenues and expenses are recognized according to the accrual basis.
- Commission is recorded as revenue when the related services are provided. Moreover, dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

Recognition of Financial Assets

Purchase and sale of financial assets are recognized on the trading date (which is the date on which the Bank commits itself to purchase or sell the financial asset).

Mortgaged Financial Assets

Mortgaged financial assets are assets mortgaged to third parties, which hold the right to sell or refinance the mortgage. Those assets are continuously evaluated according to the accounting policies designated for each of them.

Foreclosed Assets

Assets that have been subjected to foreclosure by the Bank are shown at the consolidated financial position under "Other Assets" at the acquisition value or fair value, whichever is lower. As of the consolidated financial statements date, these assets are re-valued individually at fair value. Any decline in their market value is taken to the consolidated statement of income as a loss whereas any such increase is not recognized. Subsequent increase is taken to the consolidated statement of income to the extent that it does not exceed the previously recorded impairment.

Intangible Assets

- Intangible assets purchased in an acquisition are stated at fair value on the date of acquisition. Other intangible assets purchased other than through acquisition are recorded at cost.
- Intangible assets are classified on the basis of either a definite or an 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 year.
- No capitalization of 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 year.
- 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 the intangible assets of the Bank:

Computer Software:

Software is shown at cost at the time of purchase and amortized at an annual rate of 15%.

Foreign Currency

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing on 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 as 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 for non-monetary assets and liabilities denominated in foreign currencies (such as equity securities) are recorded as part of the change in fair value.

- When consolidating the financial statements, the assets and liabilities of foreign branches and subsidiaries are translated into the functional currency of each entity at the average exchange rates of the Central Bank of Jordan prevailing on the consolidated statement of financial position date. Income and expense items are translated at the average exchange rates for the period. Any exchange differences are taken directly to a foreign currency translation adjustment reserve within owners' equity. Exchange differences arising from the sale of foreign branches or subsidiaries are recorded as part of the revenues or expenses within the consolidated statement of income.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with central banks and balances with banks and financial institutions, less balances due to banks and financial institutions maturing within three months and restricted funds.

3. Accounting Estimates

Management, through applying the accounting policies, uses assumptions and estimates with material impacts on the recognition of balances recorded in the consolidated financial statements. Some of these assumptions are as follows:

- A provision for credit facilities is taken on the bases and estimates approved by management are in conformity with International Financial Reporting Standards (IFRSs). The outcomes of these bases and estimates are compared against the adequacy of the provisions as per the instructions of the Central Banks where the Bank branches operate. The strictest outcomes that conform with (IFRSs) are used for the purpose of determining the provision.
- 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 is taken to the consolidated statement of income.
- Management frequently reviews the financial assets stated at cost to estimate any impairment in their value. Impairment loss is taken to the consolidated statement of income for the year.
- A provision for lawsuits raised against the Bank is taken. This provision is based on a legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
- A provision for income tax is taken on the current year's profit and for accrued and assessed tax for the prior year in case of differences exceeding the provision due to not reaching a final settlement with the tax authorities for that year.
- Fair value hierarchy: The Bank is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

In the opinion of the Bank's management, the accounting estimates used within the financial statements are reasonable.

4. Cash and Balances with Central Banks

This item consists of the following:

	December 31	
	2011	2010
	JD	JD
Cash in vaults	54,261,699	56,414,223
Balances at Central Banks		
Current accounts and demand deposits	47,850,966	58,868,955
Term and notice deposits *	11,483,862	166,679,080
Statutory cash reserve	74,237,519	87,726,432
	<u>187,834,046</u>	<u>369,688,690</u>

- Except for the statutory cash reserve, restricted balances amounted to JD4,039,362 as of 31 December 2011 (JD4,467,083 as of 31 December 2010).

* This balance includes JD7,444,500 maturing after three months (JD7,444,500 as of December 31, 2010).

5. Balances with Banks and Financial Institutions						
	Local Banks and Financial Institutions December 31		Foreign Banks and Financial Institutions December 31		Total December 31	
	2011	2010	2011	2010	2011	2010
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	-	-	28,225,483	17,687,804	28,225,483	17,687,804
Deposits maturing within 3 months or less	63,243,467	29,992,438	202,823,583	169,230,453	266,067,050	199,222,891
	63,243,467	29,992,438	231,049,066	186,918,257	294,292,533	216,910,695

- Non-interest bearing balances at banks and financial institutions amounted to JD10,676,781 as of December 31, 2011 (JD4,752,130 as of December 31, 2010).

- Restricted balances at banks and financial institutions amounted to JD1,971,020 as of December 31, 2011 (JD1,971,020 as of December 31, 2010).

6. Deposits with Banks and Financial Institutions						
	Local Banks and Financial Institutions December 31		Foreign Banks and Financial Institutions December 31		Total December 31	
	2011	2010	2011	2010	2011	2010
	JD	JD	JD	JD	JD	JD
Deposits maturing within 3 to 6 months	-	-	-	609,904	-	609,904
Deposits maturing within 6 to 9 months	-	3,366,006	-	-	-	3,366,006
	-	3,366,006	-	609,904	-	3,975,910

- There are no restricted deposits as of December 31, 2011 and 2010.

7. Financial Assets at Fair Value through Profit or Loss		
This item consists of the following:	December 31	
	2011	2010
	JD	JD
Shares listed on active markets *	7,566,242	-
Shares unlisted on active markets	96,048	-
	7,662,290	-

* This item includes the investment in the Advisory Group, of which the Bank owns 35.68%. This investment is shown as investments at fair value through profit or loss since the Bank has the intent to sell it in the near future. It was shown according to the closing price of the market value and the impairment in fair value (if any) has been recorded in the consolidated statement of income.

8. Financial Assets at Fair Value through Other Comprehensive Income		
a. Financial assets at fair value through other comprehensive income classified in accordance to IFRS (9)	December 31	
	2011	2010
	JD	JD
Shares listed on active markets	27,050,012	-
Shares unlisted on active markets	8,887,126	-
	35,937,138	-

b. Financial assets available-for-sale upon initial recognition:	December 31	
	2011	2010
	JD	JD
Financial assets with market price:		
Companies' shares	-	31,585,038
Financial assets with no market price:		
Companies' shares	-	11,913,838
Total financial assets available-for-sale	-	43,498,876

9. Direct Credit Facilities – Net

This item consists of the following:

	December 31	
	2011	2010
	JD	JD
Individual (Retail Customers):	213,291,163	186,746,267
Overdraft accounts	6,887,244	4,350,714
Loans and discounted bills*	194,817,953	169,603,389
Credit cards	11,585,966	12,792,164
Real estate loans	172,797,187	169,929,876
Corporate:	656,672,082	638,282,181
Large corporate customers	488,881,844	514,689,257
Overdraft accounts	99,100,147	96,678,666
Loans and discounted bills*	389,781,697	418,010,591
SMEs	167,790,238	123,592,924
Overdraft accounts	53,401,091	42,601,354
Loans and discounted bills*	114,389,147	80,991,570
Government & public sector	82,906,712	28,390,707
Total	1,125,667,144	1,023,349,031
Less: Provision for impairment in direct credit facilities	(67,128,120)	(52,889,250)
Less: Suspended interest	(12,038,655)	(9,296,298)
Net direct credit facilities	1,046,500,369	961,163,483

* Net of interest and commission received in advance amounting to JD15,353,888 as of December 31, 2011 (JD22,248,608 as of December 31, 2010).

- Non-performing credit facilities amounted to JD110,612,979, representing 9.8% of the direct credit facilities balance for the year (JD86,741,601, representing 8.48% as of the end of the prior year).

- Non-performing credit facilities net of interest in suspense totalled JD98,736,828, representing 8.87% of direct credit facilities net of interest in suspense (JD77,695,607, representing 7.7% for the end of prior year).

- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD45,250,000, representing 4% of total direct credit facilities for the year (JD312,500, representing 0.03% for the end of previous year). Moreover, credit facilities granted to the public sector in Palestine amounted to JD37,656,712 (JD28,078,207 for the end of prior year).

Provision for Impairment in Direct Credit Facilities

The following is the movement on the provision for impairment in direct credit facilities:

2011	Individual (Retail Customers)		Real Estate		Corporate Entities		Public Sector		Total	
	JD	JD	JD	JD	Large Corporate Customers	SMEs	JD	JD	JD	JD
Balance – beginning of the year	10,681,172	2,847,836	2,847,836	31,876,094	7,484,148	-	-	-	-	52,889,250
Foreign currency differences	(45,692)	(341)	(341)	(105,145)	-	-	-	-	-	(151,178)
Provision for the year taken from revenues	4,288,117	1,273,971	1,273,971	7,597,775	1,262,194	-	-	-	-	14,422,057
Written-off debts	(32,009)	-	-	-	-	-	-	-	-	(32,009)
Balance – end of the year	14,891,588	4,121,466	4,121,466	39,368,724	8,746,342	-	-	-	-	67,128,120

2010	Individual (Retail Customers)		Real Estate		Corporate Entities		Public Sector		Total	
	JD	JD	JD	JD	Large Corporate Customers	SMEs	JD	JD	JD	JD
Balance – beginning of the year	8,737,222	2,617,720	2,617,720	27,617,083	5,653,843	-	-	-	-	44,625,868
Provision for the year taken from revenues	2,193,158	230,116	230,116	4,259,011	1,830,305	-	-	-	-	8,512,590
Written-off debts	(249,208)	-	-	-	-	-	-	-	-	(249,208)
Balance – end of the year	10,681,172	2,847,836	2,847,836	31,876,094	7,484,148	-	-	-	-	52,889,250

The amount of calculated provisions on a single client basis and on a portfolio basis is as follows:

	Individual (Retail Customers)			Real Estate			Corporate Entities			Total
	JD			JD			JD			
	Large Corporate Customers	SMEs	Public Sector	Large Corporate Customers	SMEs	Public Sector	Large Corporate Customers	SMEs	Public Sector	
2011										
On a single client basis	14,471,749	4,097,653	-	38,794,453	8,544,383	-	65,908,238			
On a portfolio basis	419,839	23,813	-	574,271	201,959	-	1,219,882			
Balance – end of year	14,891,588	4,121,466	-	39,368,724	8,746,342	-	67,128,120			

	Individual (Retail Customers)			Real Estate			Corporate Entities			Total
	JD			JD			JD			
	Large Corporate Customers	SMEs	Public Sector	Large Corporate Customers	SMEs	Public Sector	Large Corporate Customers	SMEs	Public Sector	
2010										
On a single client basis	10,124,784	2,847,836	-	27,401,486	6,869,910	-	47,244,016			
On a portfolio basis	556,388	-	-	4,474,608	614,238	-	5,645,234			
Balance – end of year	10,681,172	2,847,836	-	31,876,094	7,484,148	-	52,889,250			

- The provisions no longer needed due to settlements or repayments and transferred against other debits amounted to JD5,062,156 as of December 31, 2011 (JD4,582,464 as of December 31, 2010).

Interest in Suspense

The following is the movement on the interest in suspense:

	Individual (Retail Customers)			Real Estate			Corporate Entities			Total
	JD			JD			JD			
	Large Corporate Customers	SMEs	Public Sector	Large Corporate Customers	SMEs	Public Sector	Large Corporate Customers	SMEs	Public Sector	
2011										
Balance – beginning of the year	2,295,728	499,199	-	4,884,011	1,617,360	-	9,296,298			
Add: Interest suspended during the year	491,832	213,308	-	2,926,728	464,456	-	4,096,324			
Less: Interest in suspense reversed to income	(339,073)	-	-	(650,041)	(171,330)	-	(1,160,444)			
Less: Interest in suspense written off during the year	(6,621)	-	-	(154,212)	(32,690)	-	(193,523)			
Balance – end of the year	2,441,866	712,507	-	7,006,486	1,877,796	-	12,038,655			

	Individual (Retail Customers)			Real Estate			Corporate Entities			Total
	JD			JD			JD			
	Large Corporate Customers	SMEs	Public Sector	Large Corporate Customers	SMEs	Public Sector	Large Corporate Customers	SMEs	Public Sector	
2010										
Balance – beginning of the year	1,922,826	379,931	-	4,351,146	1,441,326	-	8,095,229			
Add: Interest suspended during the year	889,696	119,268	-	1,179,177	434,773	-	2,622,914			
Less: Interest in suspense reversed to income	(428,530)	-	-	(646,312)	(258,435)	-	(1,333,277)			
Less: Interest in suspense written off during the year	(88,264)	-	-	-	(304)	-	(88,568)			
Balance – end of the year	2,295,728	499,199	-	4,884,011	1,617,360	-	9,296,298			

10. Financial Assets at Amortized Cost

a. Financial assets at amortized cost classified in accordance with IFRS (9)	December 31	
	2011	2010
	JD	JD
Financial assets with market prices:		
Governmental bonds or bonds guaranteed by the government	291,064,484	-
Bonds and debentures of companies	25,323,290	-
Total financial assets with market prices	316,387,774	-
Financial assets without market prices:		
Jordanian treasury bills or guaranteed by the government	62,338,430	-
Total financial assets without market prices	62,338,430	-
Financial assets at amortized cost – net	378,726,204	-

Analysis of Bonds and Bills:

	December 31	
	2011	2010
	JD	JD
Fixed-rate-of-return financial assets	348,579,647	-
Variable-rate-of-return financial assets	30,146,557	-
	378,726,204	-

The maturities of these assets are as follows:

Up to 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	More than 1 Year Up to 3 Years	More than 3 Years
JD	JD	JD	JD	JD	JD
20,000,000	48,909,603	57,927,658	70,282,497	138,147,338	43,459,108

The above includes an amount of JD126,837,261 the proceeds of which are to be paid in semi-annual installments, and an amount of JD251,888,943 to be paid in one payment upon maturity.

b. Financial assets held-to-maturity classified at initial recognition:

	December 31	
	2011	2010
	JD	JD
Financial assets with market prices:		
Governmental bonds or bonds guaranteed by the government	-	205,329,358
Bonds and debentures of companies	-	22,866,250
Total financial assets with market prices	-	228,195,608
Financial assets without market prices:		
Jordanian treasury bills or guaranteed by the government	-	38,407,786
Total financial assets without market prices	-	38,407,786
Held-to-maturity investments – net	-	266,603,394

Analysis of Bonds and Bills:

	December 31	
	2011	2010
	JD	JD
Fixed-rate-of-return financial assets	-	263,554,694
Variable-rate-of-return financial assets	-	3,048,700
	-	266,603,394

The maturities of these assets as of December 31, 2010 are as follows:

Up to 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	More than 1 Year Up to 3 Years	More than 3 Years
JD	JD	JD	JD	JD	JD
-	26,907,491	13,682,190	19,819,101	179,324,826	26,869,786

The above includes an amount of JD38,407,786 the proceeds of which are to be paid in semi-annual installments, and an amount of JD228,195,608 to be paid in one payment upon maturity.

11. Investments in Associates

The summarized movement in respect of the Bank's associates is as follows:	2011	2010
	JD	JD
Balance – beginning of the year	2,760,520	2,770,665
Bank's share from the (losses) of the associate company	(13,503)	(10,145)
Balance – end of the year *	2,747,017	2,760,520

* The Bank's share of the associates' assets, liabilities, and losses is as follows:

	December 31	
	2011	2010
	JD	JD
Total assets	2,750,175	2,786,752
Total liabilities	(3,158)	(26,232)
Net assets	2,747,017	2,760,520
Net (Loss) for the Year	(11,855)	(19,234)

- The value of the Bank's share of North Industrial Company's total assets and total liabilities amounted to 26.97% according to the most recent audited financial statements of North Industrial Company as of December 31, 2010. Moreover, National Industries is under liquidation, and a full provision has been booked for the investment.

The Details of Investments in Associates are as follows:

Company's Name	December 31, 2011						Industry Type
	Cost						
	Percentage of Ownership	Book Value - Beginning of the Year	Additions (Disposals)	Revaluation Using the Equity Method	Bank's Share of (Losses)		
%	JD	JD	JD	JD	JD		
Jordanian companies:							
National Industries Co. (under liquidation)	46.74	1	-	1	-	Industrial	
Palestinian companies:							
North Industrial Co.	26.97	2,760,519	-	2,747,016	(13,503)	Industrial	
		2,760,520	-	2,747,017	(13,503)		

Company's Name	December 31, 2010						Industry Type
	Cost						
	Percentage of Ownership	Book Value - Beginning of the Year	Additions (Disposals)	Revaluation Using the Equity Method	Bank's Share of (Losses)		
%	JD	JD	JD	JD	JD		
Jordanian companies:							
National Industries Co. (under liquidation)	46.74	1	-	1	-	Industrial	
Palestinian companies:							
North Industrial Co.	26.97	2,770,664	-	2,760,519	(10,145)	Industrial	
		2,770,665	-	2,760,520	(10,145)		

- The Bank's right to vote on the resolutions of the General Assemblies of Shareholders of these companies is based on the ownership percentage in each associate.

12. Property and Equipment – Net

This item consists of the following:

2011	Land		Buildings		Equipment Furniture and Fixtures		Vehicles		Computer		Decorations and Improvements		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:														
Beginning balance	4,106,086	21,055,439	20,658,126	1,589,606	13,389,957	18,128,444	78,927,658							
Additions	341,742	1,987,432	1,758,780	1,885	1,103,865	2,395,078	7,588,782							
(Disposals)	-	-	(397,901)	(83,880)	(243,750)	(464,010)	(1,189,541)							
Foreign currencies differences	(250,770)	(1,973,073)	(403,892)	(36,995)	(169,250)	(478,855)	(3,312,835)							
Ending balance	4,197,058	21,069,798	21,615,113	1,470,616	14,080,822	19,580,657	82,014,064							
Accumulated depreciation:														
Beginning balance	-	5,321,343	12,249,367	724,228	9,016,044	11,137,049	38,448,031							
Annual depreciation	-	331,911	1,644,220	195,371	1,297,818	1,834,029	5,303,349							
(Disposals)	-	-	(313,820)	(70,744)	(196,669)	(397,976)	(979,209)							
Foreign currencies differences	-	(57,918)	(38,573)	(7,692)	(33,438)	(78,956)	(216,577)							
Ending balance	-	5,595,336	13,541,194	841,163	10,083,755	12,494,146	42,555,594							
Net book value of Property and Equipment	4,197,058	15,474,462	8,073,919	629,453	3,997,067	7,086,511	39,458,470							
Payments on acquisition of Property and Equipment *	-	237,957	524,947	-	-	2,695,600	3,458,504							
Net Property and Equipment at the end of the year	4,197,058	15,712,419	8,598,866	629,453	3,997,067	9,782,111	42,916,974							
2010														
Cost:														
Beginning balance	3,959,652	15,788,445	19,232,510	1,517,799	12,124,890	15,071,560	67,694,856							
Additions	138,365	5,228,823	1,595,998	301,647	1,480,834	3,079,161	11,824,828							
(Disposals)	-	-	(179,865)	(230,522)	(220,786)	(27,794)	(658,967)							
Foreign currencies differences	8,069	38,171	9,483	682	5,019	5,517	66,941							
Ending balance	4,106,086	21,055,439	20,658,126	1,589,606	13,389,957	18,128,444	78,927,658							
Accumulated depreciation:														
Beginning balance	-	4,961,287	10,804,763	726,216	7,864,353	9,585,408	33,942,027							
Annual depreciation	-	359,620	1,515,106	207,704	1,339,841	1,578,102	5,000,373							
(Disposals)	-	-	(71,139)	(209,811)	(188,573)	(26,835)	(496,358)							
Foreign currencies differences	-	436	637	119	423	374	1,989							
Ending balance	-	5,321,343	12,249,367	724,228	9,016,044	11,137,049	38,448,031							
Net book value of Property and Equipment	4,106,086	15,734,096	8,408,759	865,378	4,373,913	6,991,395	40,479,627							
Payments on acquisition of Property and Equipment *	-	1,279,455	906,160	-	611,281	2,256,425	5,053,321							
Net Property and Equipment at the end of the year	4,106,086	17,013,551	9,314,919	865,378	4,985,194	9,247,820	45,532,948							

* The financial obligations relating to the acquisition of Property and Equipment amounted to JD1,263,461 for the year 2011, and were settled in accordance with the contractual conditions on the purchase of these assets.

- Fully depreciated property and equipment amounted to JD26,785,494 for the year 2011 (JD21,124,390 for the year 2010).

13. Intangible Assets

This item consists of software as follows:	For the Year Ended December 31	
	2011	2010
	JD	JD
Balance – beginning of the year	2,058,972	2,215,197
Additions	1,180,128	352,756
Amortization for the year	(555,668)	(508,981)
Balance – end of the year	2,683,432	2,058,972

14. Other Assets

This item consists of the following:	December 31	
	2011	2010
	JD	JD
Transaction in transit	-	833,670
Accrued interest income	6,346,050	4,982,873
Prepaid expenses	2,193,252	1,595,560
Assets foreclosed by the Bank in repayment of debts *	21,633,040	22,486,744
Clearance checks	12,301,657	14,716,262
Accounts receivable and other assets	2,856,164	3,414,874
Income tax paid in advance	825,645	623,279
	46,155,808	48,653,262

* The following is the movement on the assets foreclosed by the Bank:

	Seized Property	
	2011	2010
	JD	JD
Balance – beginning of the year	22,486,744	22,361,804
Additions	632,248	715,318
Disposals	(1,459,137)	(584,622)
Impairment losses – (Note 33)	(26,815)	(5,756)
Balance – end of the year	21,633,040	22,486,744

- According to the Jordanian Banks' Law, buildings and plots of land foreclosed by the Bank against debts due from clients should be sold within two years from the foreclosure date. However, the Central Bank of Jordan may extend this period for two more years in exceptional cases.

15. Banks and Financial Institutions' Deposits

This item consists of the following:	December 31, 2011			December 31, 2010		
	Inside the Kingdom of Jordan	Outside the Kingdom of Jordan	Total	Inside the Kingdom of Jordan	Outside the Kingdom of Jordan	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	28,430	1,066,017	1,094,447	28,430	5,057,772	5,086,202
Time deposits	10,000,000	122,324,170	132,324,170	15,367,750	83,798,671	99,166,421
	10,028,430	123,390,187	133,418,617	15,396,180	88,856,443	104,252,623

16. Customers' Deposits

This item consists of the following:	December 31, 2011				
	Individuals	Large Corporate	SMEs	Public Sector and Government	Total
	JD	JD	JD	JD	JD
Current accounts and demand deposits	213,579,523	73,587,503	52,183,594	25,032,296	364,382,916
Savings accounts	470,338,472	729,852	12,370,113	202,396	483,640,833
Time and notice deposits	291,711,634	174,428,167	28,156,499	94,690,437	588,986,737
Certificates of deposit	57,852,858	1,542,344	1,593,960	-	60,989,162
Total	1,033,482,487	250,287,866	94,304,166	119,925,129	1,497,999,648

	December 31, 2010				
	Individuals	Large Corporate	SMEs	Public Sector and Government	Total
	JD	JD	JD	JD	JD
Current accounts and demand deposits	208,147,615	68,802,883	55,799,224	18,170,293	350,920,015
Savings accounts	443,763,321	1,228,675	13,810,269	216,950	459,019,215
Time and notice deposits	289,661,601	191,693,180	38,647,520	103,975,260	623,977,561
Certificates of deposit	43,779,806	1,643,461	3,396,156	-	48,819,423
Total	985,352,343	263,368,199	111,653,169	122,362,503	1,482,736,214

- Deposits of the Jordanian Government and the public sector inside Jordan amounted to JD119,925,129 equivalent to 8% of total customers' deposits as of December 31, 2011 (JD106,862,371 equivalent to 7.2% for the prior year).
- Non-interest bearing deposits amounted to JD523,801,664, equivalent to 34.97% of total customers' deposits as of December 31, 2011 (JD491,873,541, equivalent to 33.2% of total deposits for the prior year).
- Restricted deposits amounted to JD1,987,219 equivalent to 0.13% of total customers' deposits as of December 31, 2011 (JD5,060,087 equivalent to 0.34% of total deposits for the prior year).
- Dormant deposits amounted to JD45,119,796 for the year (JD32,211,959 for the prior year).

17. Cash Margins

This item consists of the following:	December 31	
	2011	2010
	JD	JD
Cash margins on direct credit facilities	78,319,209	80,562,572
Cash margins on indirect credit facilities	23,707,198	21,107,619
Total	102,026,407	101,670,191

18. Sundry Provisions					
This item consists of the following:	Beginning Balance	Provided for During the Year	Used During the Year	Foreign Currencies Differences	Ending Balance
2011	JD	JD	JD	JD	JD
Provision for end-of-service indemnity	6,014,027	1,103,779	885,415	-	6,232,391
Provision for lawsuits	570,652	250,000	169,683	-	650,969
Provision for differences in foreign structural position	8,943	74,167	-	(1,539)	81,571
	<u>6,593,622</u>	<u>1,427,946</u>	<u>1,055,098</u>	<u>(1,539)</u>	<u>6,964,931</u>
2010					
Provision for end-of-service indemnity	5,840,655	1,072,038	898,666	-	6,014,027
Provision for lawsuits	502,585	68,067	-	-	570,652
Other provisions	2,307	6,636	-	-	8,943
	<u>6,345,547</u>	<u>1,146,741</u>	<u>898,666</u>	<u>-</u>	<u>6,593,622</u>

19. Income Tax		
A- Income tax provision	2011	2010
The movement on the income tax provision is as follows:	JD	JD
Beginning of year balance	13,524,475	11,579,439
Income tax paid	(15,161,730)	(11,816,500)
Provision for income tax for the year	12,366,004	13,761,536
End of year balance	<u>10,728,749</u>	<u>13,524,475</u>
Income tax in the consolidated statement of income represents the following:	2011	2010
	JD	JD
Income tax on the year's profit	12,366,004	13,761,536
Income tax paid on prior years' profits	-	387,298
Deferred tax assets for the year-addition	(992,973)	(1,934,330)
Amortization of deferred tax assets	1,730,231	1,096,761
	<u>13,103,262</u>	<u>13,311,265</u>

- Legal income tax in Jordan amounts to 30% whereas the legal income tax considering the Bank's investments in Palestine amounts to 16% and in Syria (a subsidiary) to 25%.
- A final settlement was reached with the Income and Sales Tax Department up to the end of the year 2010 for Jordan.
- The Bank is about to reach a final settlement with the Income Tax Department regarding Palestine branches for the years 2008 and 2009. Moreover, the Bank has submitted the tax return for the year 2010 and paid the due taxes.
- A final settlement was reached with the Income and Sales Tax Department up to the year 2009 regarding Excel for Financial Investments Company (subsidiary). Moreover, the Company has submitted its tax returns for the year 2010 and paid the declared taxes and the Company is about to reach a final settlement with the Income and Sales Tax Department concerning the year 2010.

Accounts Included	2011			2010	
	Balance - Beginning of the Year	Amounts Released	Amounts Added	Year - end Balance	Deferred Tax
a. Deferred Tax Assets	JD	JD	JD	JD	JD
Provisions for debt on watch list	3,942,923	3,942,923	-	-	1,182,877
Provision for non-performing debts – prior years	8,298,900	638,442	-	7,660,458	2,296,287
Provision for staff end-of-service indemnity	6,014,027	885,415	1,103,779	6,232,391	1,741,641
Interest in suspense	821,196	230,950	-	590,246	232,527
Provision for lawsuits held against the Bank	570,652	169,683	250,000	650,969	167,692
Impairment in assets foreclosed by the Bank	46,713	-	26,815	73,528	14,014
Impairment in assets available for sale	7,097,890	-	-	7,097,890	2,129,367
Other provisions	1,812,002	-	2,050,282	3,862,284	453,000
	<u>28,604,303</u>	<u>5,867,413</u>	<u>3,430,876</u>	<u>26,167,766</u>	<u>8,217,405</u>
b. Deferred Tax Liabilities					
Cumulative change in fair value (available-for-sale financial assets)	-	-	-	-	2,989,127
Effect of early adoption of IFRS (9)	9,952,973	2,657,246	-	7,295,727	2,188,718
Fair value reserve	-	3,376,163	6,895,878	3,519,715	1,415,776
	<u>9,952,973</u>	<u>6,033,409</u>	<u>6,895,878</u>	<u>10,815,442</u>	<u>2,989,127</u>

- Deferred tax liabilities include an amount of JD1,415,776 as of December 31, 2011 (against JD2,989,127 for the prior year) representing tax liabilities on the unrealized gains arising from the evaluation of financial assets at fair value shown within other comprehensive income that is shown in the fair value reserve in owners' equity at a tax rate of 30%. Moreover, these gains are not subject to tax in Palestine. Also, JD2,188,718 which represents deferred tax liabilities on restricted gains arising from the early adoption of IFRS (9) and within retained earnings.

	2011		2010	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
- The movement on deferred tax assets/liabilities is as follows:				
Balance – beginning of the year	8,217,405	2,989,127	7,379,836	1,340,593
Added during the year	992,973	615,367	1,934,330	1,648,534
Amortized during the year	(1,730,231)	-	(1,096,761)	-
Foreign currencies differences	(77,915)	-	-	-
Balance – end of the year	<u>7,402,232</u>	<u>3,604,494</u>	<u>8,217,405</u>	<u>2,989,127</u>

c. The following is a summary of the reconciliation between accounting profit and taxable profit:

	2011	2010
	JD	JD
Accounting profit	49,673,963	45,426,675
Tax-exempt profit	(11,363,335)	(3,378,658)
Tax-unacceptable expenses	2,287,774	5,784,494
Taxable profit	40,598,402	47,832,511
Income tax rate	%30.45	%28.77
	12,366,004	13,761,536

- Deferred tax amounting to JD7,402,232 as of December 31, 2011 resulting from the timing differences relating to the special provisions for non-performing debts, the staff end-of-service indemnity provision, interest in suspense, and other provisions taken to the consolidated statement of income in prior years are calculated at a tax rate of 30.45%. In the opinion of management, these tax benefits will be utilized in connection with the expected future profits.

20. Other Liabilities

This item consists of the following:

	December 31	
	2011	2010
	JD	JD
Accrued interest payable	6,614,039	6,273,867
Accepted cheques	7,195,583	7,801,228
Temporary deposits	1,755,009	1,858,350
Dividends payable	1,711,055	824,583
Deposits on safe boxes	137,609	128,734
Sold real estate margins	8,000	13,000
Other liabilities *	3,385,796	4,638,752
	20,807,091	21,538,514

* The details of other liabilities are as follows:

	December 31	
	2011	2010
	JD	JD
Transactions in transit	508,447	-
Social security deposits	226,133	214,500
Income tax deposits	538,701	351,181
Accrued expenses	1,622,303	2,965,992
Incoming transfers	290,052	583,894
Provision for scientific research and additional fees	-	410,098
Board of Directors' remuneration	55,000	55,000
Differences on forward contracts evaluation	14,670	58,087
Other credit balances	130,490	-
	3,385,796	4,638,752

21. Paid-up Capital

- The authorized capital of the Bank is JD155,100,000 as of December 31, 2011, (JD100,000,000 as of December 31, 2010).
- The paid-up capital of the Bank is JD155,100,000 by year end, divided into 155,100,000 shares at a par value of JD1 each.

22. Reserves

- Statutory Reserve
The amount accumulated in this account is transferred from the annual net income before tax at 10% during the year and previous years according to the Banks Law and Companies Law. This reserve cannot be distributed to shareholders.

- Voluntary Reserve
The amounts accumulated in this account represent what has been transferred from annual net income before taxes at a rate of 20% during the year and previous years. This reserve will be used for the purposes approved by the Board of Directors. Moreover, the General Assembly of Shareholders has the right to distribute the whole reserve or part thereof as dividends.

- General Banking Risks Reserve
This item represents the general banking risks reserve in line with the instructions of the Central Bank of Jordan, and other supervisory authorities.

- Special Reserve
This reserve represents the periodic fluctuation reserve calculated according to the instructions of the Palestinian Monetary Authority concerning the Bank's branches operating in Palestine.

The restricted reserves are as follows:

Reserve	Amount JD	Nature of Restriction
Legal reserve	43,295,048	Companies' and Banks' Laws
General banking risks reserve	10,876,048	Supervisory authorities requirements
Special reserve	1,112,803	Supervisory authorities requirements

23. Foreign Currencies Translation Differences

This item represents the differences resulting from the translation of net investments in foreign subsidiary (Bank of Jordan-Syria) upon consolidating the financial statements.

The movement on this item is as follows:

	2011	2010
	JD	JD
Balance – beginning of the year	134,706	(122)
Changes in the translation of net investment in the subsidiary during the year	(3,792,601)	134,828
Balance – end of the year	(3,657,895)	134,706

24. Fair Value Reserve – Net

a. The details of the fair value reserve for financial assets at fair value through other comprehensive income in accordance with IFRS (9) are as follows:

	December 31	
	2011	2010
	JD	JD
Balance – beginning of the year	-	-
Unrealized gain (losses) / shares – net	3,065,596	-
Deferred tax liabilities	(1,415,776)	-
Balance – end of the year	1,649,820	-

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

b. The details of the cumulative change in fair value for available-for-sale financial assets at initial recognition are as follows:

	December 31	
	2011	2010
	JD	JD
Balance – beginning of the year	-	3,373,838
Unrealized gain – net	-	6,585,810
Deferred tax liabilities	-	(1,648,534)
Realized (gains) taken to the consolidated statement of income	-	(913,103)
Impairment recorded in the consolidated statement of income	-	237,927
Balance – end of the year	-	7,635,938

* The cumulative change in fair value for available-for-sale financial assets (shares) is presented as net of deferred tax liabilities as of December 31, 2010.

25. Retained Earnings

This item consists of the following:

	2011	2010
	JD	JD
Balance – beginning of the year	33,290,553	27,292,897
Effect of early adoption of IFRS (9)	7,635,938	-
Dividends distributed to shareholders	(16,500,000)	(11,628,148)
Profit for the year	36,043,069	31,692,585
Transferred to reserves	(15,566,874)	(14,058,772)
Gains on sale of financial assets through other comprehensive income	809,569	-
Increase in paid-up capital	(4,019,058)	-
Foreign currencies translation differences	196,001	(8,009)
Balance – end of the year *	41,889,198	33,290,553

* Retained earnings include an amount of JD7,402,232 restricted against deferred tax benefits as of December 31, 2011 (JD8,217,405 as of December 31, 2010).

- As per the requirements of the Central Bank of Jordan, the revaluation profits of associate company at an amount of JD904,655 cannot be utilized until realized.

- Retained earnings include an amount of JD5,779,101 as of December 31, 2011 which represents the effect of early adoption of IFRS (9) in addition to JD145,135 which represents gains on revaluation of financial assets at fair value through profit or loss. These restricted amounts cannot be utilized unless realized as instructed by the Jordan Securities Commission.

26. Proposed Dividends

The Board of Directors recommended that 15% of capital be distributed as cash dividends, which amounts to JD23,265,000. The proposal is subject to the approval of the General Assembly of Shareholders. In the prior year, cash dividends of 15% of capital were distributed to shareholders amounting to JD16,500,000.

27. Interest Income

This item consists of the following:

	2011	2010
	JD	JD
Direct Credit Facilities:		
Individual (retail customers):	26,200,303	23,736,544
Overdraft accounts	378,653	352,900
Loans and discounted bills	21,664,990	19,755,927
Credit cards	4,156,660	3,627,717
Real estate loans	11,765,192	13,936,016
Corporate Entities:	51,774,044	44,530,805
Large corporate customers:	39,356,763	35,550,476
Overdraft accounts	7,654,687	7,779,197
Loans and discounted bills	31,702,076	27,771,279
SMEs:	12,417,281	8,980,329
Overdraft accounts	3,904,913	2,801,551
Loans and discounted bills	8,512,368	6,178,778
Government and public sector	2,555,140	3,003,381
Balances with central banks	607,090	1,707,046
Balances and deposits with banks and financial institutions	2,816,096	2,122,709
Held-to-maturity financial assets	-	17,243,412
Financial assets at amortized cost	15,458,216	-
Total	111,176,081	106,279,913

28. Interest Expense

This item consists of the following:

	2011	2010
	JD	JD
Banks and financial institution deposits	1,929,432	2,194,981
Customers' deposits:		
Current and demand deposits	118,782	126,257
Savings accounts	2,016,623	2,640,357
Time and notice deposits	20,686,283	19,309,730
Certificates of deposit	1,939,556	2,067,983
Borrowed money	-	259,161
Cash margins	1,624,548	2,037,389
Fees of deposit guarantees	2,003,298	2,013,906
	30,318,522	30,649,764

29. Commissions Income – Net		
This item consists of the following:	2011	2010
	JD	JD
Commission Income:		
Direct credit facilities	5,462,455	5,416,767
Indirect credit facilities	3,501,050	3,289,442
Other commissions	7,614,384	6,737,462
Less: Commission expense	(280,439)	(280,241)
Net Commissions Income	<u>16,297,450</u>	<u>15,163,430</u>

30. Foreign Currency Income		
This item consists of the following:	2011	2010
	JD	JD
From trading / dealing	513,282	294,516
From revaluation	5,739,722	3,272,277
	<u>6,253,004</u>	<u>3,566,793</u>

31. Gains from Financial Assets at Fair Value through Profit or Loss				
This item consists of the following:	Realized Gains	Unrealized Gains	Dividends	Total
Year 2011	JD	JD	JD	JD
Companies' shares	3,762,725	145,135	288,151	4,196,011
	<u>3,762,725</u>	<u>145,135</u>	<u>288,151</u>	<u>4,196,011</u>

32. Gains from Available-for-Sale Financial Assets		
This item consists of the following:	2011	2010
	JD	JD
Companies' dividends	-	2,124,677
Gains from the sale of available-for-sale financial assets	-	913,103
Impairment in available-for-sale financial assets	-	(237,927)
	<u>-</u>	<u>2,799,853</u>

33. Other Income		
This item consists of the following:	2011	2010
	JD	JD
Revenues from prior years returned to income	662,465	494,626
Gains from the sale of foreclosed assets	571,293	447,093
Telephone, post, and SWIFT	391,365	382,577
Real estate rent	106,982	78,159
Income from the sale of property and equipment	1,262	50,527
Interest in suspense reversed to income	1,160,444	1,333,277
Impairment (Loss) in lands and real estate	(26,815)	(5,756)
Other income	348,400	364,298
	<u>3,215,396</u>	<u>3,144,801</u>

34. Employees Expenses		
This item consists of the following:	2011	2010
	JD	JD
Salaries, bonuses, and employees' benefits	20,167,363	19,176,267
Bank's contribution to social security	1,591,506	1,425,411
Bank's contribution to provident fund	1,089,385	944,231
Medical expenses	1,086,244	1,012,516
Staff training expenses	168,605	184,938
Transportation and travel expenses	503,267	495,563
	<u>24,606,370</u>	<u>23,238,926</u>

35. Other Expenses		
This item consists of the following:	2011	2010
	JD	JD
Rent	2,689,272	2,617,432
Printing and stationary	1,017,567	1,116,876
Telephone, SWIFT, and postage	1,519,747	1,741,008
Maintenance, repairs, and cleaning	1,938,404	1,729,275
Fees, taxes, and licences	3,106,670	2,163,926
Advertising and subscriptions	2,727,235	3,517,433
Insurance expenses	717,147	477,318
Electricity and heating	1,170,661	1,123,699
Donations	393,130	304,871
Hospitality	273,370	293,301
Professional and legal fees	380,473	473,569
Miscellaneous	513,751	437,258
Additional fees for Jordanian universities	-	409,629
Board of Directors' remunerations	55,000	55,000
Foundation fees for Jordan Leasing Company	50,065	-
	<u>16,552,492</u>	<u>16,460,595</u>

36. Earnings per Share

This item consists of the following:	2011	2010
	JD	JD
Profit for the year (Bank's shareholders)	36,043,069	31,692,585
Weighted average number of shares	142,786,301	128,700,000
Net income for the year/share (Bank's shareholders):		
Basic	0,252	0,246
Diluted	0,252	0,246

The following is the comparison for earnings per share calculation between the profits generated after reclassification of investments and the measurement of its fair value made in accordance with the implementation of IFRS 9 (financial instruments), and the profits that will be generated if the Bank continues using IAS 39 (measurement and recognition) and does not implement IFRS 9 mentioned above.

For the year ended December 31, 2011

	IFRS (9)	IAS (39)
	JD	JD
Profit for the year (Bank's shareholders)	36,043,069	37,807,762
Weighted average number of shares	142,786,301	142,786,301
Net income for the year/share (Bank's shareholders):		
Basic	0,252	0,265
Diluted	0,252	0,265

37. Cash and Cash Equivalents

The details of this item are as follows:

	December 31	
	2011	2010
	JD	JD
Cash and balances with central banks maturing within 3 months	180,389,546	362,244,190
Add: Balances with banks and other financial institutions maturing within 3 months	294,292,533	216,910,695
Less: Banks and financial institutions' deposits maturing within 3 months	(133,418,617)	(104,252,623)
Restricted accounts	(6,010,382)	(6,438,103)
	335,253,080	468,464,159

38. Financial Derivatives

This item consists of the following as of year end:

2011	Positive Fair Value	Negative Fair Value	Total Nominal Value	Nominal Value Maturities		
				During 3 Months	From 3 to 12 Months	Total
				JD	JD	JD
Financial derivatives for trading – foreign currencies forward contracts (purchase)	-	14,670	3,313,738	3,311,369	2,369	3,313,738
Total	-	14,670	3,313,738	3,311,369	2,369	3,313,738

2010	Positive Fair Value	Negative Fair Value	Total Nominal Value	Nominal Value Maturities during Three Months
				JD
				JD
Financial derivatives for trading – foreign currencies forward contracts (purchase)	-	58,087	2,437,022	-
Total	-	58,087	2,437,022	-

Nominal value indicates the value of transactions at year end, and does not relate to market risk or credit risk.

39. Related Parties Transactions

Within its normal activities, the Bank enters into transactions with its major shareholders, members of the Board of Directors, executive management and the associate company at the commercial rates of interest and commission. Moreover, all loans and advances with related parties are performing, and no provision for probable credit losses has been taken thereon.

The consolidated financial statements include the following balances and transactions with related parties:

Consolidated Statement of Financial Position Items:	Major Shareholders	Board of Directors Members	Executives Management	Staff Provident Fund	Other Parties	Total December 31	
						2011	2010
						JD	JD
Credit facilities	3,105,650	1,766,931	798,508	-	2,002,389	7,673,478	26,022,727
Deposits	616,386	1,005,037	984,171	1,719,677	10,998,704	15,323,975	13,246,633
Cash margins	6,300	3,000	-	-	-	9,300	99,994
Off-Consolidated Statement of Financial Position Items:	JD	JD	JD	JD	JD	JD	JD
Letters of guarantee	-	-	-	-	1,350,685	1,350,685	1,282,848

Consolidated Statement of Income Items:	JD	JD	JD	JD	JD	Total For the Year Ended December 31	
						2011	2010
						JD	JD
Credit interest and commission	295,084	64,859	37,674	10	578,129	975,756	1,261,165
Debit interest and commission	46,380	27,770	19,306	23,426	73,455	190,337	178,902

The lowest interest rate on the employees housing loans was 4.9%, whereas the lowest interest rate on related parties' loans was 3.61%, and the highest interest rate received on loans was 10%. The highest interest rate paid to related parties was 6.5% and the lowest interest rate paid was 0.025%.

Salaries and Remunerations of Executive Management:

	December 31	
	2011	2010
	JD	JD
Salaries and benefits	1,489,494	1,292,088
Transportation expenses	36,000	36,000
Total	1,525,494	1,328,088

40. Risk Management

First: Descriptive Disclosures:

The Bank manages banking risks through identifying the risks that it might be exposed to and methods of challenging and mitigating them. This is achieved through implementing a group of restructuring projects that aim at separating risk management activities from those related to development of business and operations (execution).

Accordingly, departments specialized in business development (investment, development of companies' activities, development of small and medium size companies' activities, and personnel services) independent from the risk management department have been set up.

Risk management assumes the responsibility of managing the various types of risks through:

- Preparing policies and getting them approved by the Board of Directors.
- Analyzing the risk types (credit, market, or operations).
- Developing measurement and control methodologies for each risk type.
- Providing the Board of Directors and executive management reports and information about quantitative and qualitative measurements of the Bank risks.

In this context, the Bank has formed a Risk Management Committee, comprising executive management, so as to analyze, scrutinize, and monitor risks, and submit reports periodically to the Risk Management Committee, under the Board of Directors. The Risk Management Committee's main duty is to ensure the presence of an effective internal monitoring function in accordance with the policies and scope of work set for it by the Board of Directors.

Credit Risks

Credit risks arise from the probable inability and/or lack of desire of the borrower or third party to fulfil its obligations in a timely manner. These risks include on-consolidated financial statement items such as loans and bonds and off-consolidated financial statements items such as guarantees and/or documentary credits causing financial losses to the Bank.

In this regard, the Bank reinforces institutional frameworks that govern the management of credit through the following:

1. Setting up independent specialized departments for the management of credit as follows:
 - Companies Credit Risk Department (for management of companies credit risks).
 - Small and Medium Size Enterprises (SMEs) Risk Management Department (for management of SMEs credit risks).
 - Individuals Credit Risk Department (for management of individuals' credit portfolio risks).
2. Separation of Business Development department from Credit Risk departments.
3. Implementing a set of approved policies and procedures that outline principles for defining, measuring, and managing the type of risk.
4. Applying a customers' credit rating system that classifies customers into ten levels through:
 - Rating borrower's risks (economic sector, management, financial status, experience, etc.)
 - Rating credit risks (risks are weighed according to credit nature and type).
 - Rating guarantees (risks are weighed according to nature and type of guarantee).
5. Determining credit concentrations at the credit type level, economic sector, geographical distribution, credit portfolios, etc. Credit risks are managed by departments according to their specialization.
6. Implementing an authorization and relationship management system:

Bank of Jordan adopts an authorization system that includes authority granting, delegation, and control and relationship management of the various credit activities.

7. Determining credit risk mitigation methods:

Bank of Jordan adopts various methods to mitigate credit risks such as the following:

- Providing the proper credit structure that matches its purpose and repayment period.
 - Ensuring the completion of all control aspects relating to the utilization of credit and the sources of its payment.
 - Obtaining proper guarantees to hedge against any risks in this regard.
 - Analyzing and evaluating credit transactions by Credit Risk departments.
 - Periodically evaluating guarantees according to the nature, type, and degree of risks to reinforce guarantees and ensure their adequacy constantly.
 - Setting up specialized committees for approving credit.
8. Controlling credit execution by the Credit Control department in addition to a unit concerned with documentation, completion of legal audit, and execution.
 9. Applying the credit management mechanisms (CREMS and E-loan).
 10. Setting up a specialized department for following up on the collection of dues and non-performing debts.
 11. Setting up Executive Credit Risks Committee ensuing from the Board of Directors for reviewing risks, investments, and credit policies and strategies.
 12. Determining the duties of the various Credit Risk departments concerning the mechanism and periodicity of controls and issuance/submission of reports to the Board of Directors and Executive Management.
 13. Analyzing economic fluctuations and changes in the structure and quality of credit portfolios.

14. Stress Testing:

This aims at testing the Bank's ability to face tough hypothetical scenarios with low probability of occurrence. The following scenarios have been assumed and their impact on the Bank's financial position and capital adequacy has been assessed:

- Non-performing credit facilities increased by 50% of the performing credit facilities balance for the purpose of funding commercial real estates, 30% of the credit facilities for financing contractors, 30% of the credit facilities balance for financial services and 30% of the credit facilities balance for financing car trading.
- The credit facilities granted to these major defaulting borrowers (excluding the Jordanian Government) within the contracting, real estate, and financial services sectors have been classified as non-performing.

15. Control Reports:

The Credit Risk departments, each according to its specialization, control and evaluate all credit operations through a set of control procedures:

- Daily control: Monitoring/controlling credit violations, unrenewed due credit ceilings, due accounts, and others.
- Controlling the quality and distribution of the credit portfolio.
- Rating credit risks, economic sector, credit type, guarantees, concentration, credit asset quality trends, and others.
- Controlling credit exposure at the customer level, geographic area, credit type, economic sector, maturity date, guarantee type, and others.

These reports are submitted periodically to the Executive Risks Committee under the Board of Directors. Timely reports on daily operations are submitted to the CEO.

Operational Risks

Operational risks arise from the inefficiency or failure of internal operations, employees, or systems or it may stem from external events including legal risks. The Bank's Operational Risks department was set up in the year 2003. It has qualified staffers and automatic systems. It is affiliated with Risks Management.

The Bank manages operational risks based on the following criteria:

1. Preparing the operational risks policy, approving it by the Board of Directors, and applying it. This includes the criteria for defining and measuring risks in addition to the acceptance level of this type of risk.
2. Applying an operational risk management system (CARE).
3. Setting up a risk profile that includes all operational risk types and control procedures that restrict them and the periodicity of their testing in a manner that ensures their efficiency and continuity at the unit level of the Bank.
4. Evaluating, by the Internal Inspection Department, the validity of the monthly tests relating to self-assessment of the Bank's various units, classifying these units according to the pertinent approved classification standards, and incorporating them into the internal inspection report it submits to the Audit Committee on a timely basis.
5. Evaluating the Risk Profile:

In this regard, a self-assessment tool (CRSA) has been applied to manage and constantly evaluate risks, to identify new risks, ensure the efficiency of control procedures to limit these risks, and renew the risk profile on a timely basis to reflect the reality of business environment.
6. Setting up a database for operating errors, analyzing them, and submitting a report on the concentration of and type of these errors to the Board of Directors.
7. Applying rating standards and evaluating the Bank's units according to international principles and standards and the business environment.
8. Setting up and determining key risk indicators at the Bank's level.
9. Stress testing.
10. Providing the Board of Directors and Executive Management with periodic reports (monthly, quarterly, semi-annually, and annually) that reflects the reality of the control environment for the various units of the Bank.

Compliance Risks

These represent the risks that arise from the probable failure by the Bank to comply with (violate/transgress) the prevailing laws, regulations, instructions, banking laws, and code of ethics issued by the international and local regulatory bodies, including the Bank's internal policies.

In this regard, a compliance department has been set up, staffed with qualified and trained personnel, equipped with automatic systems, and assigned the task of managing this type of risk according to the following criteria:

- Preparing the compliance policy, approving it by the Board of Directors, and enforcing it. This policy includes the principles for defining, measuring, and controlling risks.
- Applying an automatic system for managing compliance risks.
- Evaluating and adopting all work policies and procedures and ensuring their compliance with laws, regulations, and instructions governing the Bank's work.
- Preparing and applying compliance matrices, which include limiting the violation of laws and regulations and ensuring compliance with them periodically according to the nature and type of the matrix.
- Studying, appraising, and analyzing customers' complaints to better understand those complaints, their concentration, and impact.
- Promulgating and applying the code of ethics to all employees of the Bank.

- Qualifying and training all employees of the Bank.

- Providing the Board of Directors and Executive Management with periodic reports that include violations and non-compliance at the Bank's unit level.

- As for anti-money laundering activities, an autonomous unit within the Compliance department has been set up. The unit works according to policies and procedures approved by the Board of Directors in compliance with the Anti-Money Laundering Operations Law No. 51 for the year 2010, to limit this type of risk.

Liquidity Risk

Liquidity risk represents the Bank's inability to make available the necessary funding to meet its obligations on their maturity dates or to finance its activities without incurring high costs or losses. Moreover, liquidity risks are divided into two types:

- Funding Liquidity Risk

This risk represents the Bank's inability to change assets into cash - such as the collection of receivables - or to obtain funding to meet its obligations.

- Market Liquidity Risk

This risk represents the Bank's inability to sell the asset on the market or selling the asset at a huge financial loss due to weak liquidity or demand in the market.

The Bank manages liquidity as follows:

- Installing a set of liquidity management policies and procedures, approved by the Board of Directors, that specify the criteria for definition, measurement, control, follow-up, and management of liquidity risk.

- Setting up a liquidity crisis management plan that includes the following:

- Special procedures for the management of liquidity risk.

- A special committee to manage liquidity risk.

- A liquidity contingency plan.

- Developing liquidity risk tools, measurement, management, and monitoring through:

- Preparing liquidity risk reports according to the maturity scale.

- Monitoring ceilings and quality of the investment portfolio.

- Identifying sources of funds, and classifying/analyzing them according to their nature.

- Controlling legal liquidity and daily cash liquidity. This means keeping an adequate amount of liquid assets (cash and cash equivalents) to meet obligations.

- Matching maturities of assets and liabilities, taking into consideration all internal and external cash flows.

- Performing stress testing.

- Submitting periodic reports to the Investment Committee, Executive Risk Management Committee, and Risk Management Committee/Board of Directors.

Second: Quantitative Disclosures:

(41/A) Credit Risk

Exposure to credit risk (after impairment provisions and before collateral held or other mitigation factors):		
	2011	2010
	JD	JD
On-Statement of Financial Position Items		
Cash and balances with central banks	133,572,347	313,274,467
Balances with banks and financial institutions	294,292,533	216,910,695
Deposits with banks and financial institutions	-	3,975,910
Credit facilities:		
Individual (retail customers)	195,957,709	173,769,367
Real estate loans	167,963,214	166,582,841
Corporate entities	599,672,734	592,420,568
Large corporate customers	442,506,634	477,929,152
SMEs	157,166,100	114,491,416
Government & public sector	82,906,712	28,390,707
Financial assets at amortized cost (bonds & treasury bills)	378,726,204	-
Held-to-maturity financial assets (bonds & treasury bills)	-	266,603,394
Financial assets at fair value	43,599,428	-
Available-for-sale financial assets	-	43,498,876
Other assets	27,269,785	28,927,038
Off-Statement of Financial Position Items		
Letters of guarantee	85,017,577	85,066,167
Letters of credit	66,555,912	67,331,916
Acceptances	23,801,141	20,980,846
Un-utilized facilities	102,821,092	109,493,926
Total	2,202,156,388	2,117,226,718

The guarantees and mitigating credit risk factors mentioned above include the following:

- Obtaining suitable guarantees and recording them correctly against any potential risks. These guarantees represent cash guarantees, and non-cash guarantees such as real estate, vehicles, equipment and stock mortgages in addition to guarantees and credit derivatives binding to all parties involved and legally exercisable at all competent courts.
- Having a credit rating system for the Bank's customers and relying on the credit ratings issued by international credit agencies for banks and companies.
- Performing periodic evaluations of guarantees according to the nature, kind, and degree of risk to ensure their adequacy against the credit granted.
- Conducting a legal audit of all contracts and documents and their applicability according to the Bank's system, laws and regulations.
- Having financial derivatives that mitigate market risks.

Credit exposure is distributed according to the degree of risk as follows:	December 31, 2011									
	Corporate Entities									
	Individual (Retail Customers)	Real Estate	Large Corporate Customers	SMEs	Government & Public Sector	Banks & Other Financial Institutions	Total	JD	JD	JD
Grades:	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low grade	-	-	-	-	-	-	-	-	-	569,881,973
Standard grade	187,392,429	163,391,281	455,709,427	141,599,577	-	300,014,208	1,248,106,922	436,309,626	133,572,347	1,248,106,922
From which past due*:										
Up to 30 days	1,853,136	1,007,704	3,252,286	365,658	-	-	6,478,784	-	-	6,478,784
From 31 to 60 days	928,209	495,466	790,313	2,529,470	-	-	4,743,458	-	-	4,743,458
Watch list	7,043,334	1,861,222	46,593,209	19,027,802	-	-	74,525,567	-	-	74,525,567
Non-performing:	19,400,703	9,679,658	65,706,960	15,825,658	-	-	110,612,979	-	-	110,612,979
Substandard	1,967,197	1,261,859	1,081,195	1,277,455	-	-	5,587,706	-	-	5,587,706
Doubtful	2,655,567	1,740,827	852,440	1,734,401	-	-	6,983,235	-	-	6,983,235
Losses written-off	14,777,939	6,676,972	63,773,325	12,813,802	-	-	98,042,038	-	-	98,042,038
Total	213,836,466	174,932,161	568,009,596	176,453,037	436,309,626	433,586,555	2,003,127,441	436,309,626	433,586,555	2,003,127,441
Less: Interest in suspense	(2,441,866)	(712,507)	(7,006,486)	(1,877,796)	-	-	(12,038,655)	-	-	(12,038,655)
Less: Allowance for impairment losses	(14,891,588)	(4,121,466)	(39,368,724)	(8,746,342)	-	-	(67,128,120)	-	-	(67,128,120)
Net	196,503,012	170,098,188	521,634,386	165,828,899	436,309,626	433,586,555	1,923,960,666	436,309,626	433,586,555	1,923,960,666

Credit exposure is distributed according to the degree of risk as follows:

		December 31, 2010						
		Corporate Entities						
		Individual (Retail Customers)	Real Estate	Large Corporate Customers	SMEs	Government & Public Sector	Banks & Other Financial Institutions	Total
Grades:	JD	JD	JD	JD	JD	JD	JD	JD
Low grade	-	-	-	-	-	291,936,583	313,274,467	605,211,050
Standard grade	172,758,107	159,609,783	454,795,530	107,737,731	-	-	225,196,116	1,120,097,267
From which past due*:								
Up to 30 days	590,281	763,629	876,694	53,631	-	-	-	2,284,235
From 31 to 60 days	432,158	223,636	9,862,632	554,440	-	-	-	11,072,866
Watch list	3,863,719	5,721,731	59,539,373	15,364,670	-	-	-	84,489,493
Non-performing:	16,294,187	7,986,948	49,752,469	12,707,997	-	-	-	86,741,601
Substandard	1,652,062	711,067	2,873,735	387,079	-	-	-	5,623,943
Doubtful	2,506,962	1,591,451	2,268,429	2,167,550	-	-	-	8,534,392
Losses written-off	12,135,163	5,684,430	44,610,305	10,153,368	-	-	-	72,583,266
Total	192,916,013	173,318,462	564,087,372	135,810,398	291,936,583	538,470,583	1,896,539,411	
Less: Interest in suspense	(2,295,728)	(499,199)	(4,884,011)	(1,617,360)	-	-	-	(9,296,298)
Less: Allowance for impairment losses	(10,681,172)	(2,847,836)	(31,876,094)	(7,484,148)	-	-	-	(52,889,250)
Net	179,939,113	169,971,427	527,327,267	126,708,890	291,936,583	538,470,583	1,834,353,863	

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

		December 31, 2011						
		Corporate Entities						
		Individual (Retail Customers)	Real Estate	Large Corporate Customers	SMEs	Government and Public Sector	Total	
Grades:	JD	JD	JD	JD	JD	JD	JD	
Low grade	-	-	-	-	-	-	-	
Standard grade	42,646,568	169,428,211	105,374,646	82,705,968	-	-	400,155,393	
Watch list	421,435	4,546,251	15,239,322	16,911,358	-	-	37,118,366	
Non-performing:	3,797,794	8,428,201	44,069,143	10,631,396	-	-	66,926,534	
Substandard	386,258	1,245,605	952,330	1,022,825	-	-	3,607,018	
Doubtful	338,200	1,651,490	597,979	1,818,930	-	-	4,406,599	
Losses written-off	3,073,336	5,531,106	42,518,834	7,789,641	-	-	58,912,917	
Total	46,865,797	182,402,663	164,683,111	110,248,722	-	-	504,200,293	
As:								
Cash margins	6,195,322	164,642	19,626,757	29,205,374	-	-	55,192,095	
Real estate	12,738,097	182,062,489	79,465,502	72,693,914	-	-	346,960,002	
Listed shares	588,613	-	59,170,612	3,017,727	-	-	62,776,952	
Equipment and vehicles	27,343,765	175,532	6,420,240	5,331,707	-	-	39,271,244	
Total	46,865,797	182,402,663	164,683,111	110,248,722	-	-	504,200,293	

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

December 31, 2010						
Grades:	Corporate Entities					
	Individual (Retail Customers)	Real Estate	Large Corporate Customers	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Low grade	-	-	-	-	-	-
Standard grade	25,121,469	159,009,509	166,814,656	34,934,474	-	385,880,108
Watch list	618,435	5,672,815	29,733,623	13,363,461	-	49,388,334
Non-performing:	3,974,335	7,093,817	29,609,638	11,893,758	-	52,571,548
Substandard	426,816	759,388	2,552,429	673,741	-	4,412,374
Doubtful	651,296	1,487,856	2,368,005	2,243,974	-	6,751,131
Losses written-off	2,896,223	4,846,573	24,689,204	8,976,043	-	41,408,043
Total	29,714,239	171,776,141	226,157,917	60,191,693	-	487,839,990
As:						
Cash margins	7,552,793	236,127	33,818,960	16,406,359	-	58,014,239
Real estate	5,278,380	171,380,564	131,247,736	32,874,263	-	340,780,943
Listed shares	118,080	-	50,103,581	2,841,820	-	53,063,481
Equipment and vehicles	16,764,986	159,450	10,987,641	8,069,251	-	35,981,328
Total	29,714,239	171,776,141	226,157,918	60,191,693	-	487,839,991

1. Rescheduled Loans

These represent loans classified previously as non-performing, removed from non-performing credit facilities according to proper scheduling, and reclassified as performing under control. They amounted to JD3,204,874 as of December 31, 2011 (JD19,852,579 as of December 31, 2010).

This balance represents the rescheduled loans either classified as watch list or returned to performing loans.

2. Restructured Loans

Restructuring means to rearrange facilities installments by increasing their duration, postpone some installments, or increase their grace period. They are classified as debts under watch list and amounted to JD20,605,846 as of December 31, 2011 (JD14,766,168 as of December 31, 2010).

3. Debit Securities and Treasury Bills

The schedule below shows the distribution of bonds and bills according to the international agencies' classification:

Rating Grade	Rating Agency	Within Financial Assets at Amortized Cost	Total
		JD	JD
Unrated	-	25,323,291	25,323,291
Government bonds and treasury bills	-	309,194,550	309,194,550
Guaranteed by the government	-	44,208,363	44,208,363
Total	-	378,726,204	378,726,204

4. The schedule below shows the geographical distribution of the credit risk exposure:

Geographical Distribution	Inside Jordan		Other Middle East Countries		Europe		Asia *		America		Rest of the World		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances with central banks	59,816,587	73,755,760	-	-	-	-	-	-	-	-	-	-	-	133,572,347
Balances with banks and financial institutions	63,243,467	106,208,768	90,848,703	120,342	11,915,456	21,955,797	294,292,533	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Facilities:	801,689,105	243,832,219	979,045	-	-	-	1,046,500,369	-	-	-	-	-	-	-
Individual (retail customers)	156,874,946	39,082,763	-	-	-	-	195,957,709	-	-	-	-	-	-	-
Real estate	158,347,393	9,615,821	-	-	-	-	167,963,214	-	-	-	-	-	-	-
Corporate Entities:	441,216,766	157,476,923	979,045	-	-	-	599,672,734	-	-	-	-	-	-	-
Large corporate customers	336,589,103	104,938,486	979,045	-	-	-	442,506,634	-	-	-	-	-	-	-
SMEs	104,627,663	52,538,437	-	-	-	-	157,166,100	-	-	-	-	-	-	-
Government & public sector	45,250,000	37,656,712	-	-	-	-	82,906,712	-	-	-	-	-	-	-
Bonds, debentures, and bills:														
Financial assets at amortized cost	378,726,204	-	-	-	-	-	378,726,204	-	-	-	-	-	-	-
Financial assets at fair value	39,491,817	4,098,773	8,838	-	-	-	43,599,428	-	-	-	-	-	-	-
Other assets	24,522,768	2,747,017	-	-	-	-	27,269,785	-	-	-	-	-	-	-
Total 2011	1,367,489,948	430,642,537	91,836,586	120,342	11,915,456	21,955,797	1,923,960,666	-	-	-	-	-	-	-
Total 2010	1,220,019,979	489,466,114	118,039,351	1,528,658	5,092,935	206,826	1,834,353,863	-	-	-	-	-	-	-

* Excluding Middle East countries.

5. The schedule below shows the credit risk exposure according to economic activities:

Economic Sector	Finance		Manufacturing		Trade		Real Estate		Construction		Agriculture		Restaurants, Hotels and Public Facilities		Shares		Individual (Retail Customers)		Government and Public Sector		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	133,572,347	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	133,572,347
Balances with banks and financial institutions	294,292,533	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	294,292,533
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Facilities:	115,035,734	197,070,001	153,244,774	167,963,214	48,215,858	7,315,062	67,389,303	11,402,002	195,957,709	82,906,712	1,046,500,369	-	-	-	-	-	-	-	-	-	-	-
Individual (retail customers)	-	-	-	-	-	-	-	-	-	-	195,957,709	-	-	-	-	-	-	-	-	-	-	195,957,709
Real estate loans	-	-	-	167,963,214	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	167,963,214
Companies' entities:	115,035,734	197,070,001	153,244,774	-	48,215,858	7,315,062	67,389,303	11,402,002	195,957,709	82,906,712	1,046,500,369	-	-	-	-	-	-	-	-	-	-	-
Large corporate customers	79,579,775	155,137,598	98,373,262	-	34,473,300	6,140,980	58,994,348	9,807,371	195,957,709	82,906,712	1,046,500,369	-	-	-	-	-	-	-	-	-	-	-
SMEs	35,455,959	41,932,403	54,871,512	-	13,742,558	1,174,082	8,394,955	1,594,631	195,957,709	82,906,712	1,046,500,369	-	-	-	-	-	-	-	-	-	-	-
Government and public sector	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonds, debentures, and bills:																						
Within the financial assets at amortized cost	145,989,360	3,048,700	10,635,000	25,603,361	-	-	5,005,271	-	-	-	-	-	-	-	-	-	-	-	-	-	-	188,444,512
Financial assets at fair value	7,292,110	15,853,120	372,415	7,692,902	95,200	-	12,293,681	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,599,428
Other assets	17,677,150	2,032,649	2,294,857	1,368,577	1,250,112	357,694	32,151	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,269,785
Total 2011	713,859,234	218,004,470	166,547,046	202,628,054	49,561,170	7,672,756	84,720,406	11,402,002	196,986,939	272,578,589	1,923,960,666	-	-	-	-	-	-	-	-	-	-	-
Total 2010	631,373,021	281,053,151	191,683,402	206,935,613	42,280,798	10,892,680	58,007,494	16,953,372	175,355,652	219,818,680	1,834,353,863	-	-	-	-	-	-	-	-	-	-	-

(41/b) Market Risks:

Descriptive Disclosure:

These risks arise from the fluctuations in the fair values or the future cash flows of financial instruments due to the changes in market prices such as interest rates, currency exchange rates, and shares prices. Moreover, market risks arise from the existence of open positions in interest rates, currency exchange rates, and investments in share. These risks are monitored according to specific policies and procedures and through special committees and work centers and include the following:

- Interest rate risks
- Currency exchange rate risks
- Fluctuation in share price risks

Market risks are the risks of exposure of the positions on and off the Bank's Consolidated Statement of Financial Position to losses as a result of price fluctuations in the market. This includes the risks arising from the volatility of interest rates and stock prices of investment portfolios, both for the purpose of trading or exchange.

Market risks arise from:

- Changes that may occur in the political and economic conditions in markets.
- Fluctuations in interest rates.
- Fluctuations in the prices of financial instruments, and futures selling and buying of futures.
- Foreign currency fluctuations.
- Gaps in maturities of assets and liabilities and re-pricing.
- Acquisition of uncovered positions.

Interest Rate Risks

Interest rate risks arise from the probable impact of changes in interest rates on the value of other financial assets. The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities, according to the various time limits or review of interest rates in a certain period. Moreover, the Bank manages these risks through reviewing the interest rates on assets and liabilities based on the risk management strategy undertaken by the Asset and Liability Management Committee. The Bank follows a policy of hedging all financial assets and financial liabilities whenever the need arises. Hedging is against anticipated future risks.

The Bank has developed analysis scenarios to measure the sensitivity of interest rate risk in addition to providing a system for controlling the difference in the history of re-pricing. This ensures control, reduces risk, and takes into account acceptable risk and balancing maturities of assets with liabilities, as well as the gaps and benefits of hedging their prices.

Foreign Currency Risks

Foreign currency risks are the risks arising from changes in the values of financial instruments as a result of fluctuations in the prices of foreign currencies. The Bank's investment policy includes a set of controls that limits this type of risk monitored by market risk unit such as the following:

- Exceeding limits is not allowed, and any currency excess is settled immediately.
- Any dealer should close the position immediately at the time the loss reaches the allowed maximum.
- The Treasury and Investment department analyzes and controls open positions daily. It closes the positions in case of excesses of ceiling, loss limits or heightened risks due to market fluctuations.

The following is the net of major foreign currencies positions at the Bank:

Currency Type	December 31	
	2011	2010
	JD	JD
US Dollar	(1,584,030)	5,015,311
Sterling Pound	(11,095)	(230,159)
Euro	414,851	82,244
Japanese Yen	73,860	2,436,415
Other Currencies	1,685,397	(5,692,283)
	<u>578,983</u>	<u>1,611,528</u>

Share Price Risks

Share price risks result from the changes in the fair values of investments in shares. The Bank manages these risks through diversifying investments across various geographical areas and economic sectors. Most of the investments held by the Bank are concentrated in Amman Stock Exchange.

Market Risk Management

The Bank follows financial policies for risk management within a specified strategy. Moreover, the Bank has an Asset and Liability Management Committee that supervises and controls risks and performs the optimal strategic distribution of assets and liabilities both on and off the consolidated statement of financial position. Moreover, a market risk unit was established, staffed with qualified human resources, and equipped with electronic systems. These risk management procedures include the following:

- Preparation and implementation of an investment policy approved by the Board of Directors and the Central Bank of Jordan.
- Preparation and application of a market risk management policy approved by the Board of Directors including the criteria for the definition, measurement, and monitoring of this type of risk.
- Preparation of a mechanism for management of ceilings of local and foreign investments.
- Development of market risk measurement, management, and monitoring tools through:
 - Value at risk.
 - Basis point analysis.
 - Stress testing.
 - Defining stop loss limit.
 - Preparation of investment concentration reports (geographical distribution, economic sector, currency, tool, etc).
 - Controlling investment ceilings.
 - Controlling investment operations, open financial positions, and local and international stocks.
- Preparation of periodic reports to the Investment Committee, Executive Risk Management Committee, and Risk Management Committee/ Board of Directors.

Quantitative Disclosures:

1. Interest Rate Risks			
	December 31, 2011		
	Increase in Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	2%	(31,681)	-
Sterling Pound	2%	(222)	-
Euro	2%	8,297	-
Japanese Yen	2%	1,477	-
Other Currencies	2%	33,708	-

	December 31, 2010		
	(Decrease) in Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	2%	31,681	-
Sterling Pound	2%	222	-
Euro	2%	(8,297)	-
Japanese Yen	2%	(1,477)	-
Other Currencies	2%	(33,708)	-

	December 31, 2010		
	Increase in Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	2%	100,306	-
Sterling Pound	2%	(4,603)	-
Euro	2%	1,645	-
Japanese Yen	2%	48,728	-
Other Currencies	2%	(113,846)	-

	December 31, 2010		
	(Decrease) in Interest Rate (1%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
Currency		JD	JD
US Dollar	2%	(100,306)	-
Sterling Pound	2%	4,603	-
Euro	2%	(1,645)	-
Japanese Yen	2%	(48,728)	-
Other Currencies	2%	113,846	-

2. Foreign Currencies Risks			
	December 31, 2011		
	Increase in Currency Exchange Rate (1%)	Effect on Gain or Loss	Effect on Equity
Currency		JD	JD
US Dollar	5%	(79,202)	-
Sterling Pound	5%	(555)	-
Euro	5%	20,743	-
Japanese Yen	5%	3,693	-
Other Currencies	5%	84,270	-

	December 31, 2010		
	Increase in Currency Exchange Rate (1%)	Effect on Gain or Loss	Effect on Equity
Currency		JD	JD
US Dollar	5%	250,765	-
Sterling Pound	5%	(11,508)	-
Euro	5%	4,112	-
Japanese Yen	5%	121,821	-
Other Currencies	5%	(284,614)	-

3. Fluctuation in Share Price Risks			
	December 31, 2011		
	Increase in Index	Effect on Gain or Loss	Effect on Equity
Indicator		JD	JD
Amman Stock Exchange	5%	378,312	1,196,791
Palestine Stock Exchange	5%	-	155,710

	December 31, 2010		
	Increase in Index	Effect on Gain or Loss	Effect on Equity
Indicator		JD	JD
Amman Stock Exchange	5%	-	1,984,848
Palestine Stock Exchange	5%	-	190,095

Interest Rate Sensitivity Gap:

Classification is based on interest rate re-pricing periods or maturities, whichever is nearer.

2011	Interest Rate Sensitivity																	
	Less than 1 Month		1 to 3 Months		More than 3 to 6 Months		More than 6 Months to 1 Year		More than 1 to 3 Years		Over 3 Years		Non-Interest Bearing Items		Total		Interest Rate	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	%	%
Assets																		
Cash and balances with central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	180,389,546	187,834,046		2	
Balances with banks and financial institutions	108,724,952	174,890,800	-	-	-	-	-	-	-	-	-	-	-	10,676,781	294,292,533		1.1	
Direct credit facilities – net	200,790,541	92,960,654	112,497,011	199,291,575	150,048,470	290,912,118	-	-	-	-	-	-	-	-	1,046,500,369		9.2	
Financial assets at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	43,599,428	43,599,428		4.9	
Financial assets at amortized cost	20,000,000	48,909,603	57,927,658	70,282,497	138,147,338	43,459,108	-	-	-	-	-	-	-	-	378,726,204			
Investments in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	2,747,017	2,747,017			
Property and equipment – net	-	-	-	-	-	-	-	-	-	-	-	-	-	42,916,974	42,916,974			
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	2,683,432	2,683,432			
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	7,402,232	7,402,232			
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	46,155,808	46,155,808			
Total assets	329,515,493	316,761,057	170,424,669	269,574,072	288,195,808	341,815,726	-	-	-	-	-	-	-	336,571,218	2,052,858,043			
Liabilities																		
Banks and financial institutions' deposits	6,210,000	124,872,168	-	-	-	-	-	-	-	-	-	-	-	2,336,449	133,418,617		0.9	
Customers' deposits	172,654,150	435,698,606	170,645,778	117,664,265	77,515,947	19,238	523,801,664	1,497,999,648	1,9									
Cash margins	9,511,257	16,546,534	9,440,516	7,181,333	2,279,900	4,279,981	52,786,886	102,026,407	1.5									
Sundry provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	6,964,931	6,964,931			
Income tax provision	-	-	-	-	-	-	-	-	-	-	-	-	-	10,728,749	10,728,749			
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	3,604,494	3,604,494			
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	20,807,091	20,807,091			
Total liabilities	188,375,407	577,117,308	180,086,294	124,845,598	79,795,847	4,299,219	621,030,264	1,775,549,937										
Interest re-pricing gap	141,140,086	(260,356,251)	(9,661,625)	144,728,474	208,399,961	337,516,507	(284,459,046)	277,308,106										
2010																		
Total assets	400,398,279	198,623,985	144,830,497	190,782,029	521,178,781	150,374,120	362,876,464	1,969,064,155										
Total liabilities	580,460,547	291,220,461	171,831,477	93,578,230	11,014,768	181,605	585,017,678	1,733,304,766										
Interest re-pricing gap	(180,062,268)	(92,596,476)	(27,000,980)	97,203,799	510,164,013	150,192,515	(222,141,214)	235,759,389										

Concentration of Foreign Currency Risk:

Currency	December 31, 2011											
	US Dollar		Euro		Sterling Pound		Japanese Yen		Other		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Assets												
Cash and balances with central banks	58,992,592	3,743,018	137,776	4,576	54,724,473	117,602,435						
Balances with banks and financial institutions	203,165,195	18,816,316	13,531,650	153,769	34,808,754	270,475,684						
Deposits with banks and financial institutions	-	-	-	-	-	-						
Direct credit facilities – net	106,091,727	8,724,274	-	1,922,761	165,599,906	282,338,668						
Financial assets (at amortized cost & at fair value & investments in associates)	17,297,432	-	-	-	-	17,297,432						
Other assets	4,975,679	161,527	4,551	(2,049,405)	25,058,762	28,151,114						
Total assets	390,522,625	31,445,135	13,673,977	31,701	280,191,895	715,865,333						
Liabilities												
Banks and financial institutions' deposits	71,690,609	4,534,911	32,479	-	20,871,340	97,129,339						
Customers' deposits	238,763,147	22,539,681	13,458,247	2,480	226,966,727	501,730,282						
Cash margins	26,738,652	4,093,656	163,806	3,537	9,601,086	40,600,737						
Other liabilities	54,914,247	(137,964)	30,540	(48,176)	21,067,345	75,825,992						
Total liabilities	392,106,655	31,030,284	13,685,072	(42,159)	278,506,498	715,286,350						
Net position 2011	(1,584,030)	414,851	(11,095)	73,860	1,685,397	578,983						
Commitments and contingent liabilities off the Statement of Financial Position during the year 2011	98,925,293	19,596,709	165,258	-	41,664,572	160,351,832						

Currency	December 31, 2010											
	US Dollar		Euro		Sterling Pound		Japanese Yen		Other		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Items												
TOTAL ASSETS	306,523,158	32,390,182	7,999,525	2,457,513	317,047,658	666,418,036						
TOTAL LIABILITIES	301,507,847	32,307,938	8,229,684	21,098	322,739,941	664,806,508						
Net position 2010	5,015,311	82,244	(230,159)	2,436,415	(5,692,283)	1,611,528						
Commitments and contingent liabilities off the Statement of Financial Position during the year 2010	99,877,956	17,763,767	479,892	15,340	61,360,695	179,497,650						

Liquidity Risk First: The table below represents the distribution of liabilities not discounted on the basis of the remainder of the contractual maturity at the date of the consolidated financial statements:

December 31, 2011										
	Up to 1 Month	More than 1 to 3 Months	More than 3 to 6 Months	More than 6 Months to 1 Year	More than 1 to 3 Years	Over 3 Years	Without Maturity	Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities										
Banks and financial institutions' deposits	34,705,379	98,713,238	-	-	-	-	-	133,418,617		
Customers' deposits	434,208,951	530,773,633	215,234,505	173,264,265	99,379,260	19,238	45,119,796	1,497,999,648		
Cash margins	18,846,329	16,846,534	11,005,441	19,292,846	12,665,094	23,370,163	-	102,026,407		
Sundry provisions	38,692	290,000	550,000	1,100,000	1,100,000	3,886,239	-	6,964,931		
Income tax provision	9,644,394	-	610,962	473,393	-	-	-	10,728,749		
Deferred tax liabilities	-	-	100,000	100,000	300,000	3,104,494	-	3,604,494		
Other liabilities	6,431,632	3,824,887	4,686,092	3,744,887	702,244	1,417,349	-	20,807,091		
Total liabilities	503,875,377	650,448,292	232,187,000	197,975,391	114,146,598	31,797,483	45,119,796	1,775,549,937		
Total assets (Anticipated Maturity)	507,394,442	337,173,512	187,152,531	287,106,053	376,318,676	312,112,423	45,600,406	2,052,858,043		
December 31, 2010										
	Up to 1 Month	More than 1 to 3 Months	More than 3 to 6 Months	More than 6 Months to 1 Year	More than 1 to 3 Years	Over 3 Years	Without Maturity	Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities										
Banks and financial institutions' deposits	69,524,372	23,051,277	11,676,974	-	-	-	-	104,252,623		
Customers' deposits	287,834,725	617,633,624	224,852,678	196,855,033	119,756,334	3,591,859	32,211,961	1,482,736,214		
Cash margins	37,709,918	25,475,514	18,988,000	11,805,281	6,476,191	1,215,287	-	101,670,191		
Sundry provisions	53,943	400,000	90,001	1,280,000	700,000	4,069,678	-	6,593,622		
Income tax provision	628,520	11,733,000	500,000	662,955	-	-	-	13,524,475		
Deferred tax liabilities	-	30,000	-	100,000	2,859,127	-	-	2,989,127		
Other liabilities	8,580,200	3,822,000	5,824,095	3,290,524	21,695	-	-	21,538,514		
Total liabilities	404,331,678	682,145,415	261,931,748	213,993,793	129,813,347	8,876,824	32,211,961	1,733,304,766		
Total assets (Anticipated Maturity)	631,986,175	201,713,386	148,233,381	192,720,777	557,689,084	119,405,108	117,316,244	1,969,064,155		

Second: The table below represents maturities of financial derivatives on the basis of the remainder of the contractual maturity at the date of consolidated financial statements:

- Financial derivatives and liabilities, which have been totally settled:

December 31, 2011			December 31, 2010		
	Up to 6 Months	Total	Up to 6 Months	Total	
	JD	JD	JD	JD	JD
Currency derivatives:					
Outflow	(3,313,738)	(3,313,738)	(2,437,022)	(2,437,022)	
Inflow	3,299,068	3,299,068	2,378,935	2,378,935	
Total	(14,670)	(14,670)	(58,087)	(58,087)	

Off-Consolidated Statement of Financial Position Items:

	December 31, 2011			
	Up to 1 Year	1-5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of credit and acceptances	105,714,668	-	-	105,714,668
Un-utilized facilities	102,821,092	-	-	102,821,092
Letters of guarantee	85,017,577	-	-	85,017,577
Capital commitments	2,611,359	-	-	2,611,359
Total	296,164,696	-	-	296,164,696
	December 31, 2010			
	Up to 1 Year	1-5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of credit and acceptances	105,388,963	-	-	105,388,963
Un-utilized facilities	109,493,926	-	-	109,493,926
Letters of guarantee	85,066,167	-	-	85,066,167
Capital commitments	2,579,318	-	-	2,579,318
Total	302,528,374	-	-	302,528,374

42. Information on the Bank's Business Segments

1. The Bank is organized for management purposes in a manner that allows measurement of its segments according to reports used by its Chief Executive Officer and main decision-maker through the following main segments:

- Individual accounts: includes following up on individual customers' accounts, granting them loans, credit, credit cards, and other services.
- Corporate accounts: includes following up on deposits, credit facilities, and other banking services pertinent to corporate customers.
- Treasury: includes providing dealing services and management of the Bank's funds.
- Financial brokerage services: includes providing purchase and sale of customers' portfolios on their behalf, custody of investments, financial consultations, custody service, and management of initial public offerings.

Below is information about the Bank's business segments distributed according to activity:

	Total													
	Retail		Corporate		Treasury		Financial Brokerage Services		Other		2011		2010	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Total income	29,282,281	52,759,958	29,119,529	329,557	1,064,023	112,555,348	100,305,026							
Direct facilities impairment provision	5,562,087	8,859,970	-	-	-	14,422,057	8,512,590							
Segment result	23,720,194	43,899,988	29,119,529	329,557	1,064,023	98,133,291	91,792,436							
Other expenses	16,364,442	19,017,465	12,637,367	294,298	132,253	48,445,825	46,355,616							
Banks share of (Losses) investment in an associate	-	-	13,503	-	-	13,503	10,145							
Profit before tax	7,355,752	24,882,523	16,468,659	35,259	931,770	49,673,963	45,426,675							
Income tax	3,125,109	6,514,948	3,299,558	8,561	155,086	13,103,262	13,311,265							
Profit for the year	4,230,643	18,367,575	13,169,101	26,698	776,684	36,570,701	32,115,410							
Other information														
Capital expenses	2,343,034	849,837	2,798,906	2,188	-	5,993,965	8,094,179							
Depreciation and amortization	3,005,985	430,325	2,117,989	36,224	268,494	5,859,017	5,509,354							
Total Assets	336,601,201	770,369,998	893,682,246	571,558	21,633,040	2,052,858,043	1,969,064,155							
Total Liabilities	1,066,808,766	524,216,339	162,320,234	571,558	21,633,040	1,775,549,937	1,733,304,766							

2. Information about Geographical Distribution:

This item represents the geographical distribution of the Bank's activities. The Bank conducts its activities mainly in Jordan, representing local activities. Additionally, the Bank performs international activities through its branches in Palestine.

The following is the geographical distribution of the Bank's revenues, assets, and capital expenses according to geographical location:

	Inside the Kingdom		Outside the Kingdom		Total	
	2011	2010	2011	2010	2011	2010
	JD	JD	JD	JD	JD	JD
Total Revenues	116,003,478	107,574,815	28,463,265	24,953,940	142,860,367	130,944,645
Total Assets	1,512,801,458	1,418,475,451	711,874,089	692,753,873	2,052,858,043	1,969,064,155
Capital Expenses	2,597,788	3,672,295	3,396,177	4,421,884	5,993,965	8,094,179

43. Assets and Liabilities Maturities:

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

	December 31, 2011		
	Up to 1 Year	Over 1 Year	Total
Assets	JD	JD	JD
Cash and balances with central banks	176,350,185	11,483,861	187,834,046
Balances with banks and financial institutions	294,292,533	-	294,292,533
Direct credit facilities - net	617,273,877	429,226,492	1,046,500,369
Financial assets at fair value through profit or loss	7,662,290	-	7,662,290
Financial assets at fair value through other comprehensive income	-	35,937,138	35,937,138
Financial assets at amortized cost	197,119,758	181,606,446	378,726,204
Investments in associates	-	2,747,017	2,747,017
Property and equipment - net	-	42,916,974	42,916,974
Intangible assets	-	2,683,432	2,683,432
Deferred tax assets	1,050,000	6,352,232	7,402,232
Other assets	25,077,895	21,077,913	46,155,808
Total assets	1,318,826,538	734,031,505	2,052,858,043
Liabilities			
Banks and financial institutions' deposits	133,418,617	-	133,418,617
Customers' deposits	1,353,481,354	144,518,294	1,497,999,648
Cash margins	65,991,150	36,035,257	102,026,407
Sundry provisions	1,978,692	4,986,239	6,964,931
Income tax provision	10,728,749	-	10,728,749
Deferred tax liabilities	200,000	3,404,494	3,604,494
Other liabilities	18,687,498	2,119,593	20,807,091
Total liabilities	1,584,486,060	191,063,877	1,775,549,937
Net	(265,659,522)	542,967,628	277,308,106

	December 31, 2010		
	Up to 1 Year	Over 1 Year	Total
Assets	JD	JD	JD
Cash and balances with central banks	362,244,190	7,444,500	369,688,690
Balances with banks and financial institutions	216,910,695	-	216,910,695
Deposits with banks and financial institutions	3,975,910	-	3,975,910
Direct credit facilities – net	504,379,009	456,784,474	961,163,483
Available-for-sale financial assets	-	43,498,876	43,498,876
Held-to-maturity financial assets	60,408,782	206,194,612	266,603,394
Investments in associates	-	2,760,520	2,760,520
Property and equipment – net	-	45,532,948	45,532,948
Intangible assets	-	2,058,972	2,058,972
Deferred tax assets	350,000	7,867,405	8,217,405
Other assets	26,385,133	22,268,129	48,653,262
Total assets	1,174,653,719	794,410,436	1,969,064,155
Liabilities			
Banks and financial institutions' deposits	104,252,623	-	104,252,623
Customers' deposits	1,327,176,060	155,560,154	1,482,736,214
Cash margins	93,978,713	7,691,478	101,670,191
Sundry provisions	1,823,944	4,769,678	6,593,622
Income tax provision	13,524,475	-	13,524,475
Deferred tax liabilities	130,000	2,859,127	2,989,127
Other liabilities	21,516,819	21,695	21,538,514
Total liabilities	1,562,402,634	170,902,132	1,733,304,766
Net	(387,748,915)	623,508,304	235,759,389

44. Capital Management:

Capital Components:

- Paid-up Capital:

The paid-up capital of Bank of Jordan consists of 155.1 million ordinary shares at a nominal value of JD1 per share. The Bank maintains capital, statutory reserves, and retained earnings to meet the growth in its operations and the requirements of branching locally and regionally.

- Regulatory Capital:

Regulatory capital is considered a control tool according to the requirements of regulatory authorities and Basel (2) for the purposes of achieving control over the adequacy of capital and the ratio of regulatory capital to risky and weighted assets and market risk. Regulatory capital consists of:

- (Paid-up capital, legal reserve, voluntary reserve, and retained earnings).
- (Undisclosed reserves, general banking risks reserve, subordinated debts, and the positive fair value reserve at 45% less the negative change balance).
- Foreign currency translation differences.

- Regulatory Authorities' Requirements:

The regulatory authorities' instructions entail that the minimum capital shall be JD100 million. Moreover, banks have been requested to increase their capital adequacy ratio to no less than 12% according to the Central Bank of Jordan instructions. The ratio of owners' equity to total assets must not be less than 6%.

- Achieving the Objectives of Capital Management:

Management of the Bank aims at achieving the capital management objectives through developing (enhancing) the Bank's activities, achieving a surplus in operating profits and revenues, and optimally investing available funds. All of this is geared towards reaching the targeted growth in owners' equity through the increase in the compulsory reserve at 10% of the profits earned, voluntary reserve at 20%, and retained earnings.

- The change in regulatory capital resulted in an increase of JD18.9 million as capital was increased through the growth in reserves and retained earnings. Regulatory capital and the capital adequacy ratio are as follows:

	In Thousands	
	2011	2010
	JD	JD
Primary Capital Items		
Subscribed and paid-up capital	155,100	100,000
Statutory reserve	43,295	38,374
Voluntary reserve	8,929	24,732
Other reserves	1,113	504
Retained earnings	7,139	7,656
Less: Total intangible assets	(2,683)	(2,059)
Foreclosed property over 4 years	(18,423)	-
50% in the investments in banks and insurance companies	(1,990)	(1,937)
Total Primary Capital	192,480	167,270
Additional Capital Items		
Translation of foreign currencies	(3,658)	135
Fair value reserve	743	-
Cumulative change in fair value	-	3,436
Banking risk reserve	9,978	9,737
Less: 50% in the investments in banks and financial institutions	(1,990)	(1,937)
Total Additional Capital	5,073	11,371
Total Regulatory Capital	197,553	178,641
Total Risk Weighted Assets	1,384,422	1,316,386
Capital adequacy ratio (%)	14.27%	13.57%
Regulatory capital adequacy ratio (%)	13.9%	12.71%

45. 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) on 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, 2011			
	Level 1 JD	Level 2 JD	Level 3 JD	Total JD
Financial Instruments:				
Financial assets through profit or loss	7,566,242	96,048	-	7,662,290
Financial assets through other comprehensive income	27,050,012	8,887,126	-	35,937,138
Financial assets at amortized cost	-	378,726,204	-	378,726,204
Total financial assets	34,616,254	387,709,378	-	422,325,632

46. Commitments and Contingent Liabilities

A. Contingent Liabilities:

	2011	2010
	JD	JD
Letters of credit	81,913,527	84,408,117
Acceptances	23,801,141	20,980,846
Letters of guarantee:	85,017,577	85,066,167
Payment	29,584,880	32,468,919
Performance	34,468,911	29,809,087
Other	20,963,786	22,788,161
Un-utilized credit facilities	102,821,092	109,493,926
Total	293,553,337	299,949,056

B. Contractual Liabilities:

	2011	2010
	JD	JD
Contracts for purchasing of property and equipment	1,263,461	999,570
Contracts for operating and financing lease	1,347,898	1,579,748
Total *	2,611,359	2,579,318

* These commitments mature in less than a year.

47. Lawsuits Against the Bank

The Bank is a defendant in lawsuits demanding cancellation of the Bank's claims against others, lifting of real estate mortgages, compensation for damages, and non-cashing of checks. These lawsuits amounted to JD49,700,373 as of December 31, 2011 (JD14,783,388 as of December 31, 2010). According to the Bank's management and legal counsel, no material financial liability is likely to be incurred as a result of these lawsuits above the provision taken which amounted to JD650,969 as of December 31, 2011 (JD570,652 as of December 31, 2010). However, amounts that will probably be paid by the Bank as a result of dismissal or amicable settlement of these lawsuits will be taken to the consolidated Statement of Income or against the recorded provision when paid.

48. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

48/a Standards and Interpretations effective for the current period

The following new and revised IFRSs have also been adopted in the preparation of the Bank's financial statements for which it did not have any material impact on the amounts and disclosures of the financial statements, however, may affect the accounting for future transactions or arrangements.

IAS 24 Related Party Disclosures (2009)	Amends the requirements of the previous version of IAS 24 to: <ul style="list-style-type: none"> • Provide a partial exemption from related party disclosure requirements for government-related entities • Clarify the definition of a related party • Include an explicit requirement to disclose commitments involving related parties.
Amendments to IFRS 1 relating to Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	Provides additional exemption on IFRS transition in relation to IFRS 7 Financial Instruments: Disclosures to avoid the potential use of hindsight and to ensure that first-time adopters are not disadvantaged as compared with current IFRS preparers.
Amendments to IAS 32 Financial Instruments: Presentation, relating to Classification of Rights Issues	Amends IAS 32 Financial Instruments: Presentation to require a financial instrument that gives the holder the right to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as an equity instrument if, and only if, the entity offers the financial instrument pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Prior to this amendment, rights issues (rights, options, or warrants) denominated in a currency other than the functional currency of the issuer were accounted for as derivative instruments.
Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirement	Makes limited-application amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction. The amendments apply when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements, permitting the benefit of such an early payment to be recognized as an asset.
Improvements on IFRSs issued in 2010	The application of Improvements to IFRSs issued in 2010 which amended IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 32, IAS 34 and IFRIC 13 has not had any material effect on amounts and disclosures reported in the consolidated financial statements.
IFRIC 19 Extinguishing Liabilities with Equity Instruments	Requires the extinguishment of a financial liability by the issue of equity instruments to be measured at fair value (preferably using the fair value of the equity instruments issued) with the difference between the fair value of the instrument issued and the carrying value of the liability extinguished being recognized in profit or loss. The Interpretation does not apply where the conversion terms were included in the original contract (such as in the case of convertible debt) or to common control transactions.

48/b New and revised IFRSs issued but not yet effective:

The Bank has not applied the following new and revised IFRSs that have been issued but are not effective yet:

	Effective for annual periods beginning on or after
Amendments to IAS 12 Income Taxes relating to Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to IAS 32 Financial Statements – Offsetting Financial Assets and Liabilities	1 January 2014
Amendments to IFRS 7 Financial Instruments: Disclosures / Financial Instruments – Transfer of Assets	1 July 2011
Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities	1 July 2013
IAS 1 Presentation of Financial Statements	1 July 2012
IAS 19 Employee Benefits	1 January 2013
IAS 27 Separate Financial Statements	1 January 2013
IAS 28 Investments in Associates and Joint Ventures	1 January 2013
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosures of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The Bank's Management anticipates that the adoption of the above Standards and Interpretations in future years will have no material impact on the financial statements of the Company in the period of initial application.

49. The Effect of Applying IFRS (9)

The Bank and its subsidiaries early adopted IFRS (9) starting January 1, 2011 (date of adoption) and resulting the follows:

a. The reclassification of debt and equity financial assets as following:

Description	January 1, 2011				
	Measurement Criteria		Carrying Amount		
	IAS (39)	IFRS (9)	IAS (39)	IFRS (9)	Difference
			JD	JD	JD
Equity instruments	Trading financial assets	Financial assets at fair value through profit or loss	-	10,620,293	(10,620,293)
Equity instruments	Available-for-sale financial assets	Financial assets at fair value through other comprehensive income	43,498,876	32,878,583	10,620,293
Debt instruments	Held-to-maturity financial assets	Financial assets at amortized cost	266,603,394	266,603,394	-

b. Investments in companies' shares originally classified as available-for-sale financial assets that are evaluated at fair value, the management reclassified the part which they suppose in accordance to its business model, that are strategic and not for trading purposes within the financial assets at fair value through other comprehensive income. And as a result, an amount of JD7,635,938 has been reclassified from cumulative change in fair value to retained earnings in the consolidated statements of owners' equity as of January 1, 2011.

c. The adoption of IFRS (9) had an effect on the items of consolidated statement of income as of December 31, 2011 amounting to JD1,764,693. This amount represents the difference in re-evaluating the investment previously classified as available-for-sale financial assets to financial assets at fair value through profit or loss, in addition to the losses on sale of financial assets through other comprehensive income which recorded directly to retained earnings, as opposed to what was previously followed in accordance to IAS (39).

d. The adoption of IFRS (9) did not result in any differences between previous carrying amount (IAS 39) and current carrying value (IFRS 9) for financial assets as of January 1, 2011, which represents the opening balance upon transfer.



Additional Information as Required by the Jordan Securities Commission 2011

Names and Resumes of Board of
Directors and Executive Managers

Major Shareholders' Equity

Board of Directors' Equity

Executive Managers' Equity

Addresses of the Bank of Jordan
Branches

Organizational Structure

Additional Information as Required by the Jordan Securities Commission 2011

A. Chairman's Letter

B. Board of Directors' Report

1a. Description of Main Activities:

Providing comprehensive banking and credit products and services, accepting all types of deposits (demand, savings, or time deposits), issuing certificates of deposit, opening letters of credit (issued and received), issue letters of guarantee to all clients in the several economic sectors locally and abroad in addition to providing financial leasing services.

1b. Location of Bank's Branches and Number of Employees:

The bank has 67 branches and 13 exchange offices in Jordan, in addition to 13 branches and 1 office in Palestine. Detailed addresses of branches and offices are listed at the end of the report in the "Addresses of Bank of Jordan Branches" section (page 131).

The total number of the Bank's employees reached 1790. The table below illustrates the number of employees at branches and offices.

Branch	Employees	Branch	Employees	Branch	Employees	Branch	Employees
Head Office	778	Wadi Al Seer	8	Gardens	17	Al Rabiye	8
Regional Management	155	Dair Abi Saied	7	Al Medina Al Monawara St.	9	Abdoun	10
Shmeisani	20	Sweileh	11	Aqaba	13	Hurrieh St. – Mogblain	7
Amman	10	Al Fuheis	5	Al Bayader	8	Al Rawnaq	8
Karak	11	Abu Nsair	7	Industrial Area – AlBayader	7	Um AlAmad	8
Irbid	18	Madaba	11	Al Mafraq	12	Sport City	9
Al Hussun St.	6	First Circle	11	North Azraq	13	Taj Mall	11
Eidoun St.	6	Airport	23	Jabal AlWeibdeh	8	Ramallah	27
Ma'an	9	Hakama St., Irbid	11	Tareq	11	Hebron	19
Ramtha	18	Industrial City, Irbid	8	Zarqa Free Zone	7	Jenin	21
Al Turrah	5	Zarqa	11	Marj AlHamam	9	Nablus	30
Salt	16	Faisal St., Zarqa	10	Al Geezah	8	Gaza	23
Jerash	10	New Zarqa	7	Ras Al Aein	10	Al Ram	9
Al Mahatta	10	North Shunah	9	Al Yasmeen	9	Al Eizaryeh	8
Yarmouk St. – Al Nasser	9	Kufranjah	6	Sweifieh	12	Industrial Area, Ramallah	9
Marka	11	Al Qweismeh	12	Al Wehdatt	12	Bethlehem	11
Ajloun	12	Third Circle	9	AlRuseifa	9	Tulkarm	12
Jabal AlHusseini	12	Mecca St.	11	Khalda	10	Arraba	6
AlKhalidi	5	University of Jordan	8	Abu Alanda	9	Qabatiya	6
Al Jubaiha	11	Souk Al Bukhariyeh, Irbid	8	City Mall	12		
Commercial Market	9	Al Nuzha	9				

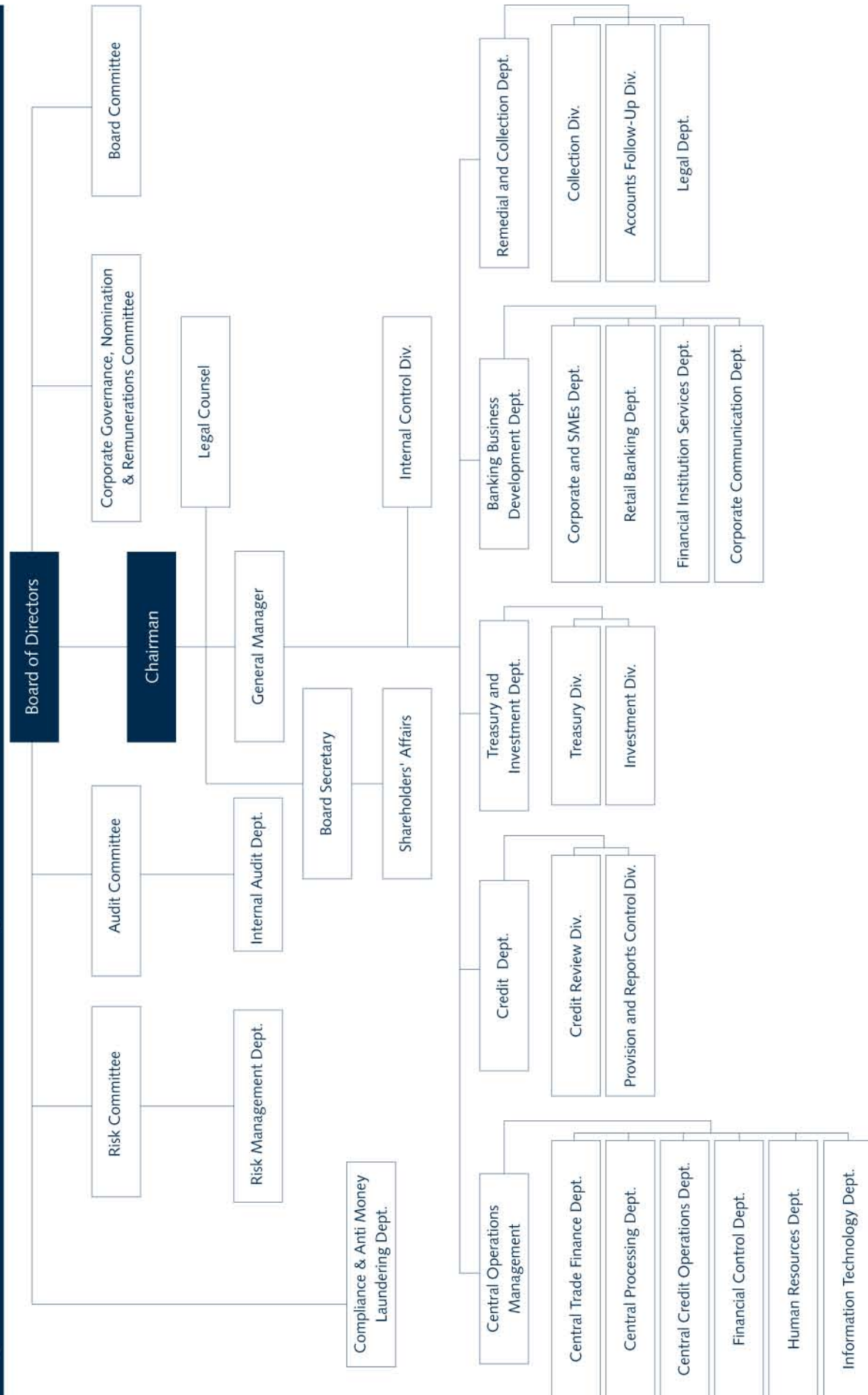
1c. Capital Investment Volume:

JD259.2 million as at December 31, 2011

2. Subsidiaries:

a. Bank of Jordan-Syria / Syrian Arab Republic

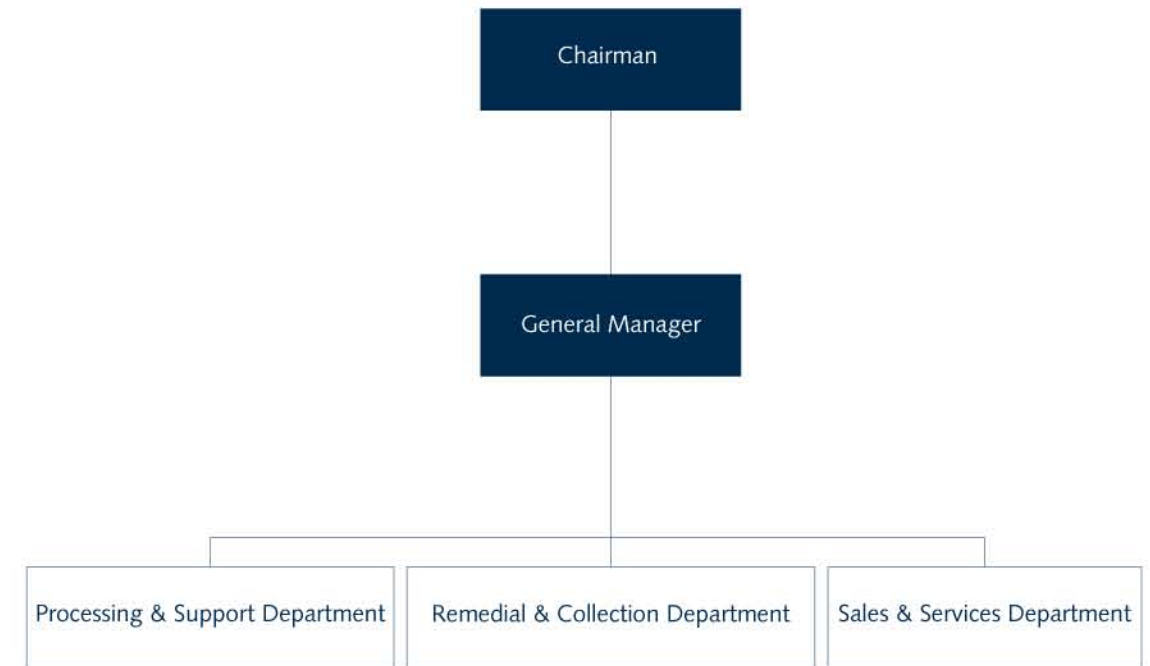
Name of Company	Bank of Jordan-Syria
Type of Company	Joint Stock Company
Date of Association	28/5/2008
Core Business	All Banking Operations
Paid-Up Capital	SYP 3,000,000,000
Bank's Ownership Percentage	49%
Address	Sabaa Bahrat Square, Baghdad St. - Damascus P.O. Box 8058 Damascus, Syria Tel: 00963-11-22900100 Fax: 00963-11- 2315368
Number of Employees	260 employees
Addresses of Branches and Number of Employees at Each	<p>Abu Rumaneh Branch Arab League Square, Al-Deyafeh Tel: 00963-11-3354500 Fax: 00963-11-3354506 P.O. Box 8058 Damascus, Syria Employees: 12</p> <p>Al Faisal St. Branch / Aleppo Al Malek Faisal St. – Aleppo Tel: 00963-21-2228070 Fax: 00963-21-2228081 P.O. Box 8058 Damascus, Syria Employees: 10</p> <p>Baroon Branch / Aleppo Baroon St. – Aleppo Tel: 00963-21-2126996 Fax: 00963-21- 2125985 P.O. Box 8058 Damascus, Syria Employees: 7</p> <p>Harasta Branch Harasta – Damascus Suburban Tel: 00963-11-5376711 Fax: 00963-11-5376717 P.O. Box 8058 Damascus, Syria Employees: 7</p> <p>Homs Branch Square 94, Abou Tammam St. – Homs Tel: 00963-31-2220605 Fax: 00963-31-2222305 P.O. Box 8058 Damascus, Syria Employees: 8</p> <p>Lattakia Branch Al-Korneish Al-Gharbee – Lattakia Tel: 00963-41-457166 Fax: 00963-41-456768 P.O. Box 8058 Damascus, Syria Employees: 11</p> <p>Sahnaya Branch Sahnaya – Damascus Suburban Tel: 00963-11-63900333 Fax: 00963-11-8140614 P.O. Box 8058 Damascus, Syria Employees: 6</p> <p>Baghdad St. Branch Sabaa Bahrat Square – Damascus Tel: 00963-11-22900100 Fax: 00963-11-2317730 P.O. Box 8058 Damascus, Syria Employees: 10</p> <p>Abaseen Branch Abaseen Square – Damascus Tel: 00963-11-4645322 Fax: 00963-11-4645326 P.O. Box 8058 Damascus, Syria Employees: 8</p> <p>Alazeziah Branch Alazeziah Area, Alzahraa Cinema St. – Aleppo Tel: 00963-21-2122667 Fax: 00963-21-2125672 P.O. Box 8058 Damascus, Syria Employees: 10</p> <p>Tartous Branch AlThawra St. – Tartous Tel: 00963-43-313733 Fax: 00963-43-313793 P.O. Box 8058 Damascus, Syria Employees: 10</p> <p>Alhamdanieh Branch Alhamdanieh – Aleppo Tel: 00963-21-5120152 Fax: 00963-21-5120156 P.O. Box 8058 Damascus, Syria Employees: 7</p> <p>Trans Mall Office Main Highway – Homs Tel: 00963-31-2519100 Fax: 00963-31-2519095 P.O. Box 8058 Damascus, Syria Employees: 5</p>
Projects Owned by the Bank and their Capitals	None



b. Jordan Leasing Company - Limited Private Shareholding / Hashemite Kingdom of Jordan

Name of Company	Jordan Leasing Company
Type of Company	Limited Private Shareholding Company
Date of Association	24/10/2011
Core Business	Financial Leasing
Paid-up Capital	JD10,000,000
Bank's Ownership Percentage	100%
Address	Bldg No.165, Mecca St. - Amman P.O. Box 2140 Amman 11181 Jordan Tel: 5542695 Fax: 5542698
Number of Employees	7 employees
Branches	None
Projects Owned by Company and their Capitals	None

Organizational Structure / Jordan Leasing Company



C. Excel for Financial Investments - Limited Private Shareholding Company / Hashemite Kingdom of Jordan

Name of Company	Excel for Financial Investments Company
Type of Company	Limited Private Shareholding Company
Date of Association	23/3/2006
Core Business	Financial Brokerage (Buying and Selling Securities)
Paid-up Capital	JD3,500,000
Bank's Ownership Percentage	100%
Address	Bldg. No. 95, Al Shareef Abdul Hamid Sharaf St. Intersection with Ibn Abd Rabbuh St., Al Shmeisani – Amman P.O. Box 942453 Amman 11194 Jordan Tel: 5654990 Fax: 5675951
Number of Employees	11 employees
Branches	None
Projects Owned by Company and their Capitals	None

Organizational Structure / Excel for Financial Investments Company



3a. Names and Resumes of Board of Directors:



Mr. Shaker Tawfiq Fakhouri
CEO / General Manager

Date of Birth: 14/11/1969 **Date of Appointment:** 21/1/1995
Date of Membership: 14/6/2001
Nature of Membership: Executive/Not Independent

Educational Background:

- * M.A. in Business Administration and Professional Accounting from Canisius College, Buffalo / USA, 1995.
- * B.A. in Economics from the University of Southern California / USA, 1990.

Professional Experience:

- Chairman of the Board of Directors / General Manager of Bank of Jordan, as of 8/2007.
- General Manager of Bank of Jordan, as of 8/2003.
- Deputy General Manager of Bank of Jordan, from 12/1996 till 8/2003.
- Executive Assistant to the General Manager of Bank of Jordan, from 1/1995 till 12/1996.
- Attended several advanced banking and leadership seminars and courses, including:
 - The "Comprehensive Banking Operations" training program at Bank of Jordan branches, from 2/1991 till 1/1993.
 - A specialized credit training course at the Headquarters of Manufacturers Hanover Bank / USA, from 9/1990 till 2/1991.

Current Board Memberships in Other Companies:

- Chairman of the Board of Directors in the Jordan Leasing Company.
- Vice Chairman of Bank of Jordan-Syria
- Board Member in the Arab Islamic Bank – Ramallah, Palestine.
- Member of the Board of Trustees – Yarmouk University.
- Member of the Board of Trustees – King Abdullah II Center for Excellence.



Dr. Abdel Rahman Samih Toukan
Vice Chairman of the Board of Directors

Date of Birth: 5/2/1935 **Date of Membership:** 31/5/1997
Nature of Membership: Non-Executive/Independent

Educational Background:

- PhD in Economics from Vanderbilt University / USA, 1967.
- M.A. in Economics from Vanderbilt University / USA, 1959.
- B.A. in Economics from the American University of Beirut / Lebanon, 1958.

Professional Experience:

- Former Chairman of the Board of Directors of Amman Stock Exchange.
- Former General Manager of Jordan Ahli Bank.
- Former General Manager of the National Real Estate Company in Kuwait.
- Former Director General of the Import, Export, and Supply Department / Government of Jordan.

Previous Board Memberships in Other Companies:

- Board Member in the Jordan Cement Factories Company.
- Board Member in the Industrial Development Bank.
- Board Member in Jordan Ahli Bank.
- Committee Member in Jordan Commercial Bank (previously Jordan Gulf Bank).
- Board Member in Jordan Hotels & Tourism Company.



Mr. Walid Tawfiq Fakhouri
Board Member

Date of Birth: 12/2/1972 **Date of Membership:** 17/2/2005

Nature of Membership: Non-Executive/Not Independent

Educational Background:

- M.A. in Business Administration from City University / UK, 2000.
- B.A. in Science Marketing from Western International University / UK, 1992.

Professional Experience:

- Chief Executive Officer and Chairman of the Board of Al-Tawfiq Investment House / Jordan, as of 2007.
- Chairman of the Board of the Arab Islamic Bank / Palestine, from 2001 to date.
- Member of the Executive Committee of the Islamic Corporation for Development of the Private Sector - Islamic Development Bank / Jeddah, as of 9/2009.
- Assistant General Manager of Bank of Jordan, from 9/2003 till 4/2004.
- Managing Director in Arab Islamic Bank / Palestine, from 9/1999 till 6/2001.
- Assistant General Manager of Bank of Jordan, from 4/1999 till 9/1999.
- Executive Manager of Bank of Jordan, from 7/1995 till 4/1999.

Current Board Memberships in Other Companies:

- Board Chairman of the Arab Islamic Bank / Palestine.
- Board Chairman of Trust International Transport Company.
- Vice Chairman of Al-Eqbal Investment Company.
- Vice Chairman of Zahrat Al Urdon Real Estate & Hotels Investments Company.
- Vice Chairman of Excel for Financial Investments Company.
- Board Member in the International Tobacco and Cigarettes Company.

Previous Board Memberships in Other Companies:

- Board Member in Jordan Express Tourist Transportation Company (JETT).
- Board Member in Al-Yarmouk Insurance Company.
- Board Member in Arab Union International Insurance Company.
- Board Member in Industrial Development Bank.
- Board Member in Al-Ekbal Printing and Packaging Company.

Professional Experience Acquired from Private Business:

17 years of experience in financial and investment services, including 10 years in the field of Islamic financial and investment services.



Mr. Yahya Zakariya Al-Kadamani
Board Member

Date of Birth: 1/1/1957 **Date of Membership:** 7/3/2009

Nature of Membership: Non-Executive/Independent

Educational Background:

- * B.A. in Business Administration from Minnesota University / USA, 1979.

Professional Experience:

- Manager of the Holy Lands Tourist Company-General Agents for Alitalia / Jordan, from 1979 till 2004.
- Vice Chairman of the Board of Directors of Arab Islamic Bank / Palestine.

Previous Board Memberships in Other Companies:

- Board Member in Jordan Express Tourist Transportation Company (JETT), from 1981 till 1999.
- Board Member in the International Tobacco and Cigarettes Company.



Dr. Mazen Mohammed Al-Bashir
Board Member

Date of Birth: 6/7/1955

Date of Membership: 22/10/2008

Nature of Membership: Non-Executive/Independent

Educational Background:

- * M.Sc. in Family Medicine, London University / UK, 1990.
- * Membership of the Royal College of Family Physicians / UK, 1987.
- * M.B.,B.Ch. in Medicine from Cairo University / Egypt, 1980.

Professional Experience:

- Founder and Director of the Jordan Center of Family Medicine, as of 10/1991.
- Family physician in the private sector, as of 1992.
- Part-time lecturer at Liverpool University, University of Jordan, Jordan University of Science and Technology, during the period of 1987 till 2000.
- President of the Jordanian Society of Family Physicians, serving several terms as of 7/1993.

Current Board Memberships in Other Companies:

- Board Chairman and Chief Executive Officer of the Investment Advisory Group Company (Istishari Hospital).

Date of Birth: 13/12/1956

Date of Membership: 22/10/2008

Nature of Membership: Non-Executive/Independent

Educational Background:

- * B.A. in Literature/Philosophy and Social Studies from Beirut Arab University / Lebanon, 1986.
- * B.Sc. in Medicine and Surgery from Alexandria University / Egypt, 1987.



Dr. Yanal Mawloud Naghouj
Board Member

Date of Birth: 1/1/1951

Date of Membership: 7/3/2009

Nature of Membership: Non-Executive/Independent

Educational Background:

- * Business Administration from PIGIER Institute / Lebanon, 1973.

Professional Experience:

- Board Chairman of Dana for General Trading (LLC), as of 3/2009.
- Board Chairman of Al-Faris Company for Agricultural Products (LLC), as of 5/2006.
- Board Chairman of Al-Nahrain Company for Trading (Authorized SEAT Dealers) from 1994 till 1999.
- Founding Partner and Board Chairman of Arab Trade Consultants Company, as of 1993.
- Founding Partner of Shamoun and Calis Company for Trading, from 1981 till 1993.
- General Manager of Lion Trading Company, from 1978 till 1981.
- Partner in Joseph Shamoun and Sons Company, from 1973 till 1978.

Previous Board Memberships in Other Companies:

- Board Member in the Arab Union International Insurance Company.
- Board Member in Amman Surgical Hospital.



Mr. Jan Joseph Shamoun
Board Member



Mr. "Shadi Ramzi"
Abd Al-Salam Al-Majali
Board Member

Date of Birth: 6/7/1962 **Date of Membership:** 7/3/2009

Nature of Membership: Non-Executive/Independent

Educational Background:

- * M.Sc. in Software Engineering (Computer Science / Systems Analysis) from George Washington University, Washington D.C. / USA, 1985.
- * B.Sc. in Mathematics & Military Sciences from The Citadel USA – The Military College of South Carolina / USA, 1983.

Professional Experience:

- CEO King Abdullah II Design and Development Bureau, as of 7/2010.
- CEO Aqaba Development Corporation, from 1/2010 till 7/2010.
- General Manager of Saraya Aqaba, from 2/2007 till 12/2009.
- Revenues and Customs Commissioner in Aqaba Special Economic Zone Authority (ASEZA), from 1/2004 till 2/2007.
- Gulf Area Manager in Qatar for the Middle East Contracting Company, from 9/2002 till 12/2003.
- Tala Bay CEO, from 10/2000 till 9/2002.
- General Manager of Trans Jordan for Communication Services Company, from 5/1997 till 9/2000.
- General Manager of Al-Nisr for Advanced Telecommunications Company, from 2/1997 till 11/2003.
- Vast military experience, serving in the military from 1985 till 1996.

Current Board Memberships in Other Companies:

- Chairman of Board for The King Abdullah II Design & Development Bureau (KADDB).
- Vice Chairman of The King Abdullah Special Operation Training Center (KASOTC).
- Member of the Board of Trustees - The Royal Tank Museum.
- Member of Greater Amman Municipality Council.
- Member of the Board of Trustees - Jordan University for Science and Technology (JUST).

Previous Board Memberships in Other Companies:

- Member of the Board of Aqaba Water Company, from 1/2010 till 8/2010.
- Member of the Board of the Aqaba Port and Containers, from 1/2010 till 8/2010.
- Member of the Board of Directors of Corporation of Aqaba Airports, from 1/2010 till 8/2010.
- Member of the Board of Trustees of Mutah University, from 11/2009 till 8/2010.
- Member of the Board of Trustees of Applied Science University, from 1/2006 till 10/2009.
- ASEZA Commissioner, from 1/2004 till 2/2007.
- Board Member in Jordan Electricity Distribution Company, from 6/2006 till 3/2007.
- Board Chairman of Aqaba International School, from 6/2006 till 2/2007.
- Board Member in the Yemeni Payphone Company, from 9/1998 till 9/2000.
- Board Member in the Middle East Defense and Security Agency, from 8/1997 till 11/2003.

Date of Birth: 17/9/1950 **Date of Membership:** 7/3/2009

Nature of Membership: Non-Executive/Not Independent

Educational Background:

- * B.Sc. in Automotive Engineering from the University of Chelsea / UK, 1975.

Professional Experience:

Former Board Chairman of King Abdullah II Design and Development Bureau.

Current Board Memberships in Other Companies:

- Board Member in the International Company of Science and Technology.

Previous Board Memberships in Other Companies:

- Member of the Association Committee of King Abdullah II Design and Development Bureau.
- Board Member in the Royal Automobile Museum.
- Vice Chairman of the Special Operations Forces Exhibition and Conference (SOFEX).
- Member of the Royal Commission for Motor Sports.
- Board Chairman of CLS Company / Jordan.
- Board Chairman of JoSecure International Company.
- Board Chairman of Jordan Electronic Logistics Support.



Mr. Haitham Abu Nasr Al Mufti
Board Member / Representative of Al-Ekbal Jordanian General Trading (LLC)



Mr. Haitham Mohammed Samih Barakat
Board Member / Representative of Arabian Gulf General Inv. & Transport Co.

Date of Birth: 1/5/1960 **Date of Membership:** 7/3/2009

Nature of Membership: Non-Executive/Not Independent

Educational Background:

- * B.Sc. in Electrical Engineering from Portland State University / USA, 1984.

Professional Experience:

- General Manager of the Advanced Engineering Group / Jordan, 2007.
- Founder and CEO of Quartz Electromechanic Company, Ras Al-Khaima / UAE, 2006.
- Founder and Partner of the Advanced Electrical Engineering Company / Qatar, 2001.
- CEO of Kuwait Electrical Poles & Lighting Industries Company WLL (KEPLIC) / Kuwait, as of 1999.
- Founder and CEO of the Qatar Electromechanical Company / Qatar, as of 1998.
- Founder and CEO of Faddan Electromechanical Contracting Company / Jordan, from 1994 till 1997.
- Deputy General Manager of the National Industries Company / Jordan, from 1/2004 till 7/2004.
- Deputy General Manager of Faddan for Trading and Contracting Company / Kuwait, from 1984 till 1990.

Current Board Memberships in Other Companies:

- Board Member in the United Cable Industries Company / Jordan.
- Founding Member of the Clean Energy Company / Jordan.
- Board Member in the Arab Islamic Bank / Palestine.

Previous Board Memberships in Other Companies:

Board Member in Al-Saqr Insurance Company.

Professional Experience Acquired from Private Business:

Over 25 years of experience in Jordan, the Gulf, and the US including founding and managing various engineering companies in several countries.

Other Professional Experience:

- Experience in project management and development.

Date of Birth: 16/12/1968 **Date of Membership:** 16/6/2011

Nature of Membership: Non-Executive/Not Independent

Educational Background:

- * B.A. in Law from the University of Jordan, 1992.

Professional Experience:

- Advocate since 1994 till the present.



Mr. Ammar Mahmoud Abu Namous
Board Member / Representative of Al Pharaenah Int'l for Industrial Investments Co.

b- Names and Resumes of Senior Executive Managers

Mr. Mohammad Anwar Hamdan Deputy General Manager

Date of Birth: 5/12/1949 Date of Appointment: 12/11/1994

Educational Background:

- * MBA from Thunderbird University / USA, 1978.
- * B.A. in Accounting from the University of Jordan, 1973.

Professional Experience:

- Deputy General Manager at Bank of Jordan, as of 1/2007.
- Assistant General Manager/Credit Management at Bank of Jordan, from 1994 till 2006.
- Assistant General Manager/Credit Management at Cairo Amman Bank, from 1990 till 1994.
- Credit Manager at Bank of Jordan, from 1985 till 1989.
- Assistant Manager for Investment & Branches at Jordan Kuwait Bank, from 7/1979 till 8/1985.
- Senior Financial Analyst at Central Bank of Kuwait, from 5/1976 till 6/1978.
- Financial Analyst at Central Bank of Jordan, from 8/1973 till 5/1976.

Current Board Memberships in Other Companies:

- Board Member in Ready Mix Concrete & Construction Supplies Company, representing Bank of Jordan.
- Board Member in Baton for Concrete Blocks and Interlocking Tiles Company, representing Bank of Jordan.

Mr. Nicola Yousef Bahou Assistant General Manager/ Organization, Banking Operations, and Automation Management

Date of Birth: 17/7/1965 Date of Appointment: 3/5/2005

Educational Background:

- * M.A. in Enterprise Management from Durham University / UK, 2006.
- * B.A. in Banking and Finance from the Ahliyah Amman University / Jordan, 2004.
- * Diploma in Banking and Finance from Institute of Banking Studies / Jordan, 1987.

Professional Experience:

- Assistant General Manager/ Organization, Banking Operations, and Automation Management at Bank of Jordan, as of 5/2005.
- Held many executive and administrative positions at HSBC Bank, from 1983 till 2005.
- Member of the Chartered Management Institute of London.

Current Board Memberships in Other Companies:

- Board Member in Bank of Jordan-Syria.
- Board Member in Excel for Financial Investments Company.
- Board Member in Jordan Express Tourist Transportation Company (JETT).

Mr. Suleiman Ayash Al Zu'bi Assistant General Manager/ Banking Business Development

Date of Birth: 31/1/1957 Date of Appointment: 6/8/1977

Professional Experience:

- Regional Manager of Bank of Jordan, from 1/2007 till 6/2007.
- Executive Manager at Bank of Jordan, from 1/2000 till 12/2006.
- Held senior banking and financial positions at Bank of Jordan, as of 1977.
- Attended a number of advanced banking courses, in Jordan and abroad.

Mr. Johny Samir Zeidan Regional Manager/ Palestine Branches

Date of Birth: 20/7/1967 Date of Appointment: 7/4/2008

Educational Background:

- * B.A. in Business Administration from Bethlehem University / Palestine, 1990.

Professional Experience:

- General Manager of Palestine Mortgage and Housing Corporation / Palestine, from 1/2006 till 4/2008.
- Private Sector Officer at the United States Agency for International Development for West Bank & Gaza, from 10/1996 till 1/2006.
- Head of Financial Control Department at Jordan Ahli Bank / Palestine, from 2/1996 till 10/1996.
- Income Generation Officer at United Nations Relief and Works Agency / Palestine, from 4/1992 till 2/1996.
- Head of Car and General Insurance Production at the Arab Insurance Agency / Palestine, from 4/1991 till 4/1992.
- General Cost Controller at the Notre Dame Hotel of Jerusalem, from 9/1989 till 4/1991.

Previous Board Memberships in Other Companies:

- Board Member in the Palestinian Insurance Federation.

Mr. Osama Samih Sukkari Legal Advisor

Date of Birth: 27/4/1955
Date of Appointment as a Legal Advisor and Head of Legal Department: 1/4/1994

Educational Background:

- B.A. in Law from Beirut Arab University / Lebanon, 1977.

Professional Experience:

- Extensive experience in legal consultations and lawsuits, as of 1981.

Current Board Memberships in Other Companies:

- Vice Chairman of the Board of Directors in the Jordan Leasing Company.
- Board Member in Al-Shamikha for Real Estate Investments Company.
- Board Member in Bank of Jordan-Syria.
- Member of the Insurance Council in the Social Security Corporation.

Previous Board Memberships in Other Companies:

- Board Member in Al-Mowahadah for Transportation Company.
- Board Member in the National Industries Company.
- Board Member in Al-Takamolyeh Investments Company.

Mr. Issam Mahmoud Abu Al Soud Executive Manager/Retail Credit Review Department

Date of Birth: 10/12/1950 Date of Appointment: 9/8/1979

Educational Background:

- * B.A. in Business Administration from Beirut Arab University / Lebanon, 1978.

Professional Experience:

- Held senior banking and financial positions at Bank of Jordan as of 1979, as follows:
- Manager of Marketing and Private Banking Services.
- Manager of Liability Development Department.
- Executive Manager/Retail Credit Risk Department.

Mr. Saleh Mahmoud Jarbou Executive Manager/Financial Control Department

Date of Birth: 2/2/1949 Date of Appointment: 22/1/1996

Educational Background:

- * M.A. in Accounting/Banking and Finance from the Arab Academy for Banking and Financial Sciences, 2001.
- * B.A. in Accounting from the University of Damascus / Syria, 1972.

Professional Experience:

- Extensive experience in financial management, accounting, and financial analysis and planning.
- Held senior positions in local and regional financial institutions, including:
- The University of Tripoli / Libya.
- National Portfolio Securities / Jordan.
- Arab Jordan Investment Bank / Jordan.

Current Board Memberships in Other Companies:

- Board Member in Excel for Financial Investments Company.

Mr. Saleh Rajab Hammad

- * Executive Manager/Compliance & Risk Department
- * Board Secretary

Date of Birth: 27/7/1962

Date of Appointment: 1/12/1994

Educational Background:

- * B.Sc. in Computer Science from University of Jordan, 1985.

Professional Experience:

- Manager of Compliance and Operational Risk Department at Bank of Jordan, as of 12/1994.
- Long-standing experience in auditing and operations.
- Attended several courses on risk management and the Basel II requirements organized in Jordan and abroad.
- Holds several professional certificates including CCO and CORE certificates.
- Programmer and Systems Analyst at Cairo Amman Bank, from 11/1987 till 11/1994.

Current Board Memberships in Other Companies:

- Board Member in the Jordan Leasing Company.

Date of Birth: 14/10/1954

Date of Appointment: 1/11/2009

Educational Background:

- * B.A. in Accounting from the University of Jordan, 1978.

Professional Experience:

- Corporate Credit Administration & Control Department Regional Manager at The Housing Bank for Trade & Finance (HBTF), from 2006 till 10/2009.
- Corporate Banking Regional Manager at The Housing Bank for Trade & Finance (HBTF), from 1999 till 2005.
- Corporate & Commercial Banking Assistant Regional Manager at the National Commercial Bank (NCB) / Saudi Arabia, from 1994 till 1999.
- Head of Credit / Marketing & Customer Care Department at the National Commercial Bank (NCB) / Saudi Arabia, from 1985 till 1994.
- Accountant & Internal Auditor at National Commercial Bank (NCB) / Saudi Arabia, from 1978 till 1985.
- Attended a number of advanced banking courses and workshops.

Previous Board Memberships in Other Companies:

- The Jordanian Textiles Company, representing The Housing Bank for Trade & Finance (HBTF).
- The Jordan Pipes Manufacturing Company, representing The Housing Bank for Trade & Finance (HBTF).

Date of Birth: 9/10/1952

Date of Appointment: 1/11/1994

Educational Background:

- * B.A. in Accounting from the University of Jordan, 1976.

Professional Experience:

- Vast experience in auditing and banking, including:
 - Manager of Internal Audit Department at Bank of Jordan, as of 12/2007.
 - Manager of Bank of Jordan / Amman branch, from 4/2006 till 12/2007.
 - Manager of Internal Audit Department, from 11/1994 till 4/2006.
 - Senior Inspector at Cairo Amman Bank, from 1/1987 till 10/1994.
 - Huge experience in auditing and accounting gained through years of work with major auditing firms, including Al-Sha'er Auditing Firm.
 - Lecturer in several courses on Banking Operations and Auditing organized by Bank of Jordan.
- Attended several advanced courses and seminars on administration and banking.

Mr. Salama Mahmoud Abu Nusair

- Executive Manager/Corporate, Commercial, and Palestine Credit Review Department

Mr. Turki Yousef Al-Jabour

- Manager/Internal Audit Department

4. Shares of Major Shareholders with Equity in Excess of 5% in 2011 and a Comparison with the Previous Year (2010) as Follows:

Name	Nationality	No. of Shares 2011	Percentage 2011	No. of Shares 2010	Percentage 2010
Mr. Tawfiq Shaker Fakhouri	Jordanian	36,286,204	23.4%	25,734,897	25.7%
Al-Ekbal Jordanian General Trading (LLC)	Jordanian	19,989,744	12.9%	14,177,124	14.2%
Al Pharaenah Int'l for Industrial Investments Co.	Jordanian	11,828,427	7.6%	2,503,495	2.5%
Al Araka for Investments Co.	Jordanian	9,490,041	6.1%	6,009,022	6.0%

5. Competitive Position of the Bank and its Market Share:

Mentioned within the Bank's achievements in 2011 (page 18).

6. There is no dependence on specific suppliers or key clients (whether locally or abroad), who account for 10% or more of the Bank's total purchases and/or sales.

7. - The Bank does not have any governmental protection, or any privileges, nor does any of its products or services, as stated by laws and regulations or others.
- The Bank did not obtain any patents or concession rights.

8. - There are no decisions issued by the government or international organizations or any other entity that would have any material effect on the Bank's operations, products, or competitive capabilities.
- The Bank adheres to all laws, regulations, instructions and international standards that are related to its business.
- International Quality Standards do not apply to the Bank.

9. A- Organizational Structure for the Bank and Subsidiaries:

- Bank of Jordan Organizational Structure can be found on the last page (134).
- Bank of Jordan – Syria Organizational Structure can be found on page (111).
- Jordan Leasing Company Organizational Structure can be found on page (112).
- Excel Company Organizational Structure can be found on page (113).

B. Number of Employees and Educational Qualifications:

Academic Qualification	No. of Employees/ Bank of Jordan	No. of Employees/ Bank of Jordan – Syria	No. of Employees/ Jordan Leasing Co.	No. of Employees/ Excel for Financial Investments Co.
PhD	2	-	-	-
Master's	98	10	1	4
Higher Diploma	5	2	-	-
Bachelor's	1,069	185	4	5
Diploma	304	46	1	1
General Secondary	121	11	-	1
Less than General Secondary	191	6	1	-
Total	1790	260	7	11

C. Details of Training Programs in 2011:

Description	No. of Courses	No. of Participants
In-house Courses (organized by the Bank's Training Department)	89	1,445
External Courses	83	275
Total	172	1,720

Areas of Training:

Topic	No. of Courses	No. of Participants
Comprehensive Banking Training	11	196
Banking Operations and Services	22	366
Compliance and Risk Management	31	317
Administrative Skills	25	338
Vocational Certificates	7	11
Marketing and Sales Skills	15	238
Financial and Audit	7	15
Computer Skills	8	11
Others	46	228
Total	172	1720

10. Description of Risks:

Mentioned within the Bank's achievements on page (23), these risks include:

- **Credit Risk:** This risk arises from the probable inability and/or lack of desire of the borrower or third party to fulfill its obligations in a timely manner. These risks include the on-consolidated financial statement items such as loans and bonds and off-consolidated financial statement items such as guarantees and/or documentary credits causing financial losses to the Bank.
- **Operational Risk:** This risk arises from the inefficiency or failure of internal operations, employees, or systems or it may stem from external events including legal risks.
- **Compliance Risk:** This risk arises from the probable failure by the Bank to comply with (violate/transgress) the prevailing laws, regulations, instructions, banking laws, and code of ethics issued by the international and local regulatory bodies, including the Bank's internal policies.
- **Liquidity Risk:** This risk represents the Bank's inability to make available the necessary funding to meet its obligations on their maturity dates or to finance its activities without incurring high costs or losses.
- **Market Risk:** The risk of exposure of the positions on and off the Bank's consolidated statement of financial position to losses as a result of price fluctuations in the market. This includes the risks arising from the volatility of interest rates and stock prices of investment portfolios, both for the purpose of trading or exchange.

Market risk arises from:

- Changes that may occur in the political and economic conditions in the markets.
- Fluctuations in interest rates.
- Fluctuations in the prices of financial instruments, and the selling/buying of futures.
- Foreign currency fluctuations.
- Gaps in the maturities of assets and liabilities and re-pricing.
- Acquisition of uncovered positions.

- **Interest Rate Risk:** This risk arises from the probable impact of changes in interest rates on the value of the financial assets. The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities, according to the various time limits or review of interest rates in a certain period.

- **Foreign Currency Risk:** This risk arises from the changes in the values of financial instruments as a result of the fluctuations in the prices of foreign currencies.

- **Share Price Risk:** This risk results from the changes in the fair value of investments in shares.

11. Bank Achievements in 2011:

Mentioned in the Board of Directors' Report under a separate section (page 17), supported with figures and descriptions of the Bank's main events in 2011.

12. Financial Impact of Non-Recurring Operations:

In 2011, the Bank sold its investment shares in Visa Jordan Company for Payment Services. Profits made from this sale transaction yielded JD3,730,002 for the Bank.

13. Time Sequence of Realized Profits or Losses, Distributed Dividends, Net Owners' Equity and the Closing Price of Share 2007-2011:

Financial Indicators for the Past Five Years (2007-2011)				In JD (Thousand)			
Fiscal Year	Owners' Equity – Bank Shareholders	Non-Controller's Interest	Net Profit Before Tax	Distributed Cash Dividends		Distribution of Bonus Shares	Closing Price of Share (JD)
				Amount	%		
2007	161,206	-	39,668	15,000	15%	-	2.95
2008	179,604	11,561	44,297	15,000	15%	-	2.20
2009	192,668	21,455	36,909	15,000	15%	-	2.15
2010	214,408	21,351	45,427	16,500	15%	45,100	2.96
2011	259,194	18,114	49,674	23,265	15%	-	2.05

2006	Bonus shares were distributed at a rate of 16.279% of the capital on 4/4/2007.
2010	Bonus shares distributed at a rate of 41% of the capital on 6/4/2011.

14. Analysis of Bank's Financial Position and Business Results for the Year 2011:

Mentioned in the Board of Directors' Report, under a separate section (page 31). Below are the main financial ratios:

No.	Financial Ratios	2011	2010
1	Return on Average Shareholders' Equity	15.2%	15.6%
2	Return on Capital	23.58%	32.12%
3	Return on Average Assets	1.8%	1.7%
4	Profitability per Employee (after tax)	JD20,431	JD18,607
5	Interest Income to Average Assets	5.53%	5.48%
6	Interest Expense to Average Assets	1.51%	1.58%
7	Interest Margin to Average Assets	4.02%	3.90%
8	Non-Performing Loans to Total Credit Facilities	8.9%	7.7%

15. The Bank's Future Plan

The Bank's strategic future plans, projects, and the Board of Directors' projections are all mentioned within Bank of Jordan's Goals for 2012 listed under a separate section (page 40).

16. Auditors' Remuneration (for Auditing the Bank and its Subsidiaries):

Statement	Auditors' Remuneration (JD)
Bank of Jordan	126,017
Bank of Jordan-Syria	33,147
Excel Company	5,246
Total	164,410

17. Statement of Number of Financial Securities Issued by the Bank:

A. Number of Shares Owned by Members of the Board of Directors and their Relatives:

Name	Status	Nationality	No. of Shares 2011	No. of Shares 2010
Mr. Shaker Tawfiq Fakhouri	CEO / General Manager	Jordanian	7,050	5,000
Aya Shaker Fakhouri	Daughter	Jordanian	5,754	4,081
Tala Shaker Fakhouri	Daughter	Jordanian	5,754	4,081
Sarah Shaker Fakhouri	Daughter	Jordanian	5,754	4,081
Salma Shaker Fakhouri	Daughter	Jordanian	847	601
Tamara Shaker Fakhouri	Daughter	Jordanian	2,500	-
Dr. Abdel Rahman Samih Toukan	Vice Chairman of the Board of Directors	Jordanian	91,031	64,561
Mr. Walid Tawfiq Fakhouri	Board Member	Jordanian	8,196	5,813
Mrs. Shatha Abdel Majid Al-Dabbas	Wife	Jordanian	286	203
Rakan Walid Fakhouri	Son	Jordanian	16,175	11,401
Mariam Walid Fakhouri	Daughter	Jordanian	32,496	23,047
A'asha Walid Fakhouri	Daughter	Jordanian	5,570	3,951
Ahmad Walid Fakhouri	Son	Jordanian	4,650	3,298
Mr. Yahya Zakariya Al-Kadamani	Board Member	Jordanian	867,150	665,000
Mrs. Amaal Amin AtTurk	Wife	Jordanian	190,350	135,000
Dr. Mazen Mohammad Al Bashir	Board Member	Jordanian	102,470	72,674
Dr. Farihan Fakhri Al Barghouti	Wife	Jordanian	39,347	27,906
Dr. Yanal Mawloud Naghouj	Board Member	Jordanian	208,775	134,756
Mr. Jan Joseph Shamoun	Board Member	Jordanian	316,414	220,002
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Board Member	Jordanian	25,847	47,031
Al-Ekbal Jordanian General Trading (LLC)	Board Member	Jordanian	19,989,744	14,177,124
Mr. Haitham Abu Nasr Al Mufti	Representative of the Company	Jordanian	-	-
Arabian Gulf General Inv. & Transport Co.	Board Member	Jordanian	43,203	30,641
Mr. Haitham Mohammed Samih Barakat	Representative of the Company	Jordanian	-	-
Al Pharaenah Int'l for Industrial Investments Co.	Board Member	Jordanian	11,828,427	2,503,495
Mr. Ammar Mahmoud Abu Namous	Representative of the Company	Jordanian	-	-

B. Number of Shares Owned by Executive Managers and their Relatives:

Name	Status	Nationality	No. of Shares 2011	No. of Shares 2010
Mr. Mohammad Anwar Hamdan	Deputy General Manager	Jordanian	37,835	26,834
Mr. Nicola Yousef Bahou	Assistant General Manager / Organization, Banking Operations, and Automation Management	Jordanian	37,000	15,500
Mr. Suleiman Ayash Al Zu'bi	Assistant General Manager / Banking Business Development	Jordanian	514,000	330,000
Mr. Johnny Samir Zeidan	Regional Manager / Palestine Branches	Jordanian	-	-
Mr. Osama Samih Sukkari	Legal Advisor	Jordanian	16,691	1,838
Mrs. Najwa Mohammad Saeed Manku	Wife	Jordanian	84,600	60,000
Firas Osama Sukkari	Son	Jordanian	1,926	1,366
Mr. Issam Mahmoud Abu Al-Soud	Executive Manager / Retail Credit Review Department	Jordanian	8,601	5,100
Mr. Saleh Mahmoud Jarbou	Executive Manager / Financial Control Department	Jordanian	50,000	26,000
Mr. Saleh Rajab Hammad	• Executive Manager / Compliance and Risk Department • Board Secretary	Jordanian	13,755	9,756
Mr. Salama Mahmoud Abu Nusair	Executive Manager / Corporate, Commercial, and Palestine Credit Review Department	Jordanian	-	-
Mr. Turki Yousef Al-Jabour	Manager / Internal Audit Department	Jordanian	5,000	-

C. Companies Controlled by the Chairman, Board Members, the Executive Managers and their Relatives, and the Number of Shares Held by Those Companies in Bank of Jordan for the Years 2011 and 2010:

Name	Position	Company	Company's Equity Share in Bank of Jordan 2011	Company's Equity Share in Bank of Jordan 2010
Mr. Walid Tawfiq Fakhouri	Board Member	Al Tawfiq Investment House – Jordan	2,483	2,761
Dr. Mazen Mohammed Al Bashir	Board Member	Investment Advisory Group Company (Istishari Hospital)	-	-
Mr. Jan Joseph Shamoun	Board Member	Dana for General Trading (LLC)	-	-
		Arab Trade Consultants Co.	-	-
		Al-Faris Company for Agricultural Products (LLC)	-	-

There are no companies controlled by other Board Members and their relatives or by Executive Managers and their relatives.

18. The Benefits and Remuneration of the Board Chairman, Board Members, and Executive Managers:

A. Benefits and Remuneration of the Chairman and Board Members for the Year 2011:

Name	Position	Annual Salary JD	Transport Allowance JD	Remuneration JD	Total JD
Mr. Shaker Tawfiq Fakhouri	CEO / General Manager	270,000	18,000	5,000	293,000
Dr. Abdel Rahman Samih Toukan	Vice Chairman of the Board of Directors	-	18,000	5,000	23,000
Mr. Walid Tawfiq Fakhouri	Board Member	-	18,000	5,000	23,000
Mr. Yahya Zakariya Al-Kadamani	Board Member	-	24,000	5,000	29,000
Dr. Mazen Mohammed Al Bashir	Board Member	-	18,000	5,000	23,000
Dr. Yanal Mawloud Naghouj	Board Member	-	18,000	5,000	23,000
Mr. Bader G. Al Zahrani	Board Member till 10/5/2011	-	8,666	5,000	13,666
Mr. Jan Joseph Shamoun	Board Member	-	18,000	5,000	23,000
Mr. "Shadi Ramzi" Abd Al-Salam Al-Majali	Board Member	-	18,000	5,000	23,000
Mr. Haitham Abu Nasr Al Mufti	Board Member / Representative of Al-Ekbal Jordanian General Trading (LLC)	-	18,000	5,000	23,000
Mr. Haitham Mohammed Samih Barakat	Board Member / Representative of Arabian Gulf General Inv. & Transport Co.	-	18,000	5,000	23,000
Mr. Ammar Mahmoud Abu Namous	Representative of Al Pharaenah Int'l for Industrial Investments Co. as of 16/6/2011	-	9,750	-	9,750
Total		270,000	204,416	55,000	529,416

B. Benefits and Remuneration of the Executive Managers for the Year 2011:

Name	Position	Annual Salary JD	Remuneration JD	Allowance for Transportation & Assuming Secretary Position JD	Total JD
Mr. Mohammad Anwar Hamdan	Deputy General Manager	204,415	18,825	-	223,240
Mr. Nicola Yousef Bahou	Assistant General Manager / Organization, Banking Operations, and Automation Management	194,310	21,825	-	216,135
Mr. Suleiman Ayash Al Zu'bi	Assistant General Manager / Banking Business Development	150,860	16,728	-	167,588
Mr. Johny Samir Zeidan	Regional Manager / Palestine Branches	114,915	-	-	114,915
Mr. Osama Samih Sukkari	Legal Advisor	118,864	6,716	-	125,580
Mr. Issam Mahmoud Abu Al Soud	Executive Manager / Retail Credit Review Department	92,428	6,553	-	98,981
Mr. Saleh Mahmoud Jarbou	Executive Manager / Financial Control Department	82,635	-	-	82,635
Mr. Saleh Rajab Hammad	• Executive Manager / Compliance and Risk Department • Board Secretary	61,380	7,920	18,000	87,300
Mr. Salama Mahmoud Abu Nusair	Executive Manager / Corporate, Commercial, and Palestine Credit Review Department	65,550	-	-	65,550
Mr. Turki Yousef Al-Jabour	Manager / Internal Audit Department	51,943	3,627	-	55,570
Total		1,137,300	82,194	18,000	1,237,494

19. Donations, Grants, and Contributions to the Local Community:

The Bank's donations and grants for activities related to the protection of the environment and community social services mounted to JD451 thousand, as detailed below:

Activities	Amount (JD)
Bank of Jordan Educational Initiative/Partnership Agreement with Hikayat Simsim	58,333
Donation to the Children's Museum – Jordan	50,000
Supporting the Jordan Hashemite Fund for Human Development	50,000
Supporting Al Najah National University – Palestine	35,500
Supporting the Society for the Care of Neurological Patients / Dead Sea Ultra Marathon Sponsorship	15,420
Supporting Madrasati initiative / Al-Arqam bin Abi Al-Arqam School	13,807
Support SOS Children's Village Association of Jordan	13,312
Orthodox Club Donation	13,100
Supporting associations, charities and social activities	83,285
Supporting sports activities	25,337
Supporting cultural activities	40,195
Supporting educational activities	34,040
Supporting environmental activities	8,500
Miscellaneous	10,635
Total	451,464

20. Contracts, Projects and Commitments Signed Between the Bank and its Subsidiaries, Affiliates, Chairman, Board Members, or the General Manager and Employees in the Bank or their Relatives:

Excel for Financial Investments Limited Private Shareholding Company, a subsidiary of the Bank, purchases and sells securities to the account of the Bank's portfolio in the Amman Stock Exchange, as per the decisions and resolutions issued by the Investment Committee assigned in the Bank and against commissions the company receives for each purchase or sales transaction.

There are no other contracts between the Bank and its subsidiaries, affiliates, Chairman, Members of the Board or the General Manager and employees in the Bank or their relatives, except for usual banking transactions, which were disclosed in exhibit No. (39) on Financial Statements, using the commercial interest rates and commissions. All credit facilities granted to related parties are considered performing and no provisions are earmarked for this purpose.

21. Bank's Contribution to Environmental Protection and Corporate Social Responsibility:

A. Bank's Contribution to the Protection of Environment:

The Bank further pursued its efforts to contribute to the environment by providing support to several agencies involved in this domain. The support provided for environmental events counted for JD8.5 thousand. Major cases in point include celebrating Environment Day in cooperation with Jordanian SOS villages and supporting the Tourism Promotion Board in its effort to initiate Dead Sea as one of nature's seven wonders.

B. Bank's Corporate Social Responsibility

The Bank continued its support and sponsorship of several national, official and popular events and occasions. This support is, in fact, a main channel of interaction with all segments. Milestones to be attributed to the Bank in this respect include the Bank's focus on education through its partnership agreement with "Hikayat Simsim." For the third consecutive year, the Bank further pursued its support for the Children's Museum by providing financial support to the Open Day initiative (the fourth Friday of each month). The Bank also provided support to Al-Arqam bin Abi Al-Arqam School under the "Madrasati" initiative. The Bank participated as well in the Charity Campaign (Al-Birr Wal-Ihsan) in cooperation with the Jordanian Hashemite Fund for Human Development. The Bank was the golden sponsor of the Dead Sea Ultra Marathon whose proceeds were donated to the Society for the Care of Neurological Patients. Last but not least, the Bank provided support to the Jordanian National Football League.

Details are mentioned within the Bank's achievements (page 29).

C. Annual Financial Statements 2011

The Bank's annual financial statements, audited by the Bank's auditors Deloitte and Touche (Middle East - Jordan) and compared to the previous year 2010, can be found in the second part of the report (page 44).

D. Report of the Bank's Auditors

The report from the Bank's auditors, Deloitte and Touche, which includes the Bank's annual financial statements, reveals that the audit process was conducted in accordance with international auditing standards and can be found in the beginning of the 2011 annual financial statements (page 43).

E. Acknowledgments

As per Paragraph (E)/Article (4) of the Disclosure and Accounting Standards Instructions issued by the Jordan Securities Commissions' Board of Commissioners:

1. The Board of Directors of Bank of Jordan concedes that to the best of its knowledge and belief, there are no material matters that may affect the continuity of the Bank's operations during the fiscal year of 2012.
2. The Board of Directors of Bank of Jordan concedes its responsibility for the preparation of the 2011 financial statements and that the Bank operates an effective monitoring and evaluation system.
3. The Chairman of the Board of Directors / General Manager and the Executive Manager of the Financial Control Department acknowledge that the information and data mentioned in the 2011 Bank of Jordan's Annual Report are true, accurate, and complete.

Addresses of Bank of Jordan Branches

Jordan Branch Network

Head Office – Al Shmeisani

Website: www.bankofjordan.com

Tel.: 5696277 Fax: 5696291 P.O. Box 2140
Amman 11181 Jordan

Amman Area

Al Shmeisani – Main Branch

Tel.: 5696329 Fax: 5696092 P.O. Box 941133
Amman 11194 Jordan

Amman – Downtown Branch

Tel.: 4624348 Fax: 4657431 P.O. Box 890
Amman 11118 Jordan

Commercial Market Branch

Tel.: 4617003 Fax: 4624498 P.O. Box 7486
Amman 11118 Jordan

Al Mahatta Branch

Tel.: 4655707 Fax: 4651728 P.O. Box 4045
Amman 11131 Jordan

Yarmouk Street Al Nasser Branch

Tel.: 4910037 Fax: 4910038 P.O. Box 426137
Amman 11140 Jordan

First Circle Branch

Tel.: 4625131 Fax: 4653914 P.O. Box 3080
Amman 11181 Jordan

Third Circle Branch

Tel.: 4616528 Fax: 4656632 P.O. Box 815471
Amman 11180 Jordan

Al Khalidi Branch

Tel.: 4680025/7 Fax: 4680028 P.O. Box 815471
Amman 11180 Jordan

Jabal Al-Hussein Branch

Tel.: 4656004 Fax: 4653403 P.O. Box 8032
Amman 11121 Jordan

Gardens Branch

Tel.: 5688391/2 Fax: 5688416 P.O. Box 961049
Amman 11196 Jordan

Al Madina Al Monawara St. Branch

Tel.: 5513953 Fax: 5514938 P.O. Box 5412
Amman 11821 Jordan

Jabal Al Weibdeh Branch

Tel.: 4646980 Fax: 4615605 P.O. Box 910726
Amman 11191 Jordan

Tareq Branch

Tel.: 5053898 Fax: 5053908 P.O. Box 222
Amman 11947 Jordan

Marka Branch

Tel.: 4893581/2 Fax: 4894341 P.O. Box 15150
Amman 11134 Jordan

Al Qweismeh Branch

Tel.: 4778626 Fax: 4745301 P.O. Box 38328
Amman 11593 Jordan

Abu Alanda Branch

Tel.: 4164204 Fax: 4162697 P.O. Box 38328
Amman 11593 Jordan

Al Bayader Branch

Tel.: 5852009 Fax: 5815391 P.O. Box 141640
Amman 11814 Jordan

Industrial Area – Al Bayader Branch

Tel.: 5861057 Fax: 5813642 P.O. Box 141362
Amman 11814 Jordan

Sweileh Branch

Tel.: 5349823 Fax: 5342318 P.O. Box 84
Amman 11910 Jordan

Al Fuheis Branch

Tel.: 4720832 Fax: 4720831 P.O. Box 80
Al Fuheis 19153 Jordan

Abu Nusair Branch

Tel.: 5237481 Fax: 5249080 P.O. Box 540549
Amman 11937 Jordan

Jabal Al Nuzha Branch

Tel.: 4645933 Fax: 4645934 P.O. Box 211950
Amman 11121 Jordan

Wadi Al Seer Branch

Tel.: 5814255 Fax: 5816552 P.O. Box 10
Amman 11810 Jordan

Ras Al Aein Branch

Tel.: 4748314 Fax: 4786311 P.O. Box 710289
Amman 11171 Jordan

Al Yasmine Branch

Tel.: 4392693 Fax: 4391242 P.O. Box 710289
Amman 11171 Jordan

Marj Al Hamam Branch

Tel.: 5713568 Fax: 5713569 P.O. Box 739
Amman 11732 Jordan

Sweifieh Branch

Tel.: 5861235/6 Fax: 5861237 P.O. Box 851510
Amman 11185 Jordan

Al Wehdat Branch

Tel.: 4780281 Fax: 4778982 P.O. Box 16047
Amman 11152 Jordan

Mecca Street Branch

Tel.: 5826647/38 Fax: 5826649 P.O. Box 3322
Amman 11821 Jordan

Kilda Branch

Tel.: 5534367 Fax: 5534593 P.O. Box 3477
Amman 11821 Jordan

Al Jubaiha Branch

Tel.: 5357189 Fax: 5354739 P.O. Box 1005
Amman 11941 Jordan

University of Jordan Branch

Tel.: 5355975 Fax: 5355974 P.O. Box 13067
Amman 11942 Jordan

City Mall Branch

Tel.: 5823512 Fax: 5857684 P.O. Box 691
Amman 11821 Jordan

Al Rabiye Branch

Tel.: 5523195 Fax: 5521653 P.O. Box 17540
Amman 11195 Jordan

Abdoun Branch

Tel.: 5929860 Fax: 5929872 P.O. Box 852419
Amman 11185 Jordan

Al Rawnaq Branch

Tel.: 5829503 Fax: 5829042 P.O. Box 852417
Amman 11185 Jordan

Hurrieh St. Mogablain Branch

Tel.: 4203178 Fax: 4203376 P.O. Box 709
Amman 11623 Jordan

Sport City Branch

Tel.: 5159214 Fax: 5159304 P.O. Box 2140
Amman 11181 Jordan

Taj Mall Branch

Tel.: 5930241 Fax: 5930517 P.O. Box 2140
Amman 11181 Jordan

Central Jordan

Salt Branch

Tel.: 05/3554901 Fax: 05/3554902 P.O. Box 161
Salt 19110 Jordan

Zarqa Branch

Tel.: 05/3985091/2 Fax: 05/3984741 P.O. Box 5572
Zarqa 13111 Jordan

Faisal Street Branch – Zarqa

Tel.: 05/3936725 Fax: 05/3936728 P.O. Box 5760
Zarqa 13111 Jordan

New Zarqa Branch

Tel.: 05/3862581 Fax: 05/3862583 P.O. Box 12256
Zarqa 13112 Jordan

Zarqa Free Zone Branch

Tel.: 05/3826193 Fax: 05/3826194 P.O. Box 54
Zarqa 13134 Jordan

Al Ruseifa Branch

Tel.: 05/3746923 Fax: 05/3746913 P.O. Box 2102
Al Ruseifa 13710 Jordan

Airport Branch

Tel.: 4451155 Fax: 4451156 P.O. Box 39005
Amman 11104 Jordan

Al Geezah Branch

Tel.: 4460179 Fax: 4460133 P.O. Box 140
Amman 16010 Jordan

Madaba Branch

Tel.: 05/3244081 Fax: 05/3244723 P.O. Box 38
Madaba 17110 Jordan

Um Al Amad Branch

Tel.: 4290803 Fax: 4290816 P.O. Box 104
Amman 16197 Jordan

North Jordan

Irbid Branch

Tel.: 02/7242347 Fax: 02/7276760 P.O. Box 96
Irbid 21110 Jordan

Al Hussun Street Branch

Tel.: 02/7279066 Fax: 02/7270496 P.O. Box 3762
Irbid 21110 Jordan

Eidoun Street Branch

Tel.: 02/7276403 Fax: 02/7276504 P.O. Box 3779
Irbid 21110 Jordan

Souk Al Bukhariyah Branch

Tel.: 02/7246636 Fax: 02/7248772 P.O. Box 4506
Irbid 21110 Jordan

Hakama Street Branch

Tel.: 02/7400018 Fax: 02/7406375 P.O. Box 1844
Irbid 21110 Jordan

Industrial City Branch – Irbid

Tel.: 02/7409863 Fax: 02/7409864 P.O. Box 1844
Irbid 21110 Jordan

Dair Abi Saied Branch

Tel.: 02/6521351 Fax: 02/6521350 P.O. Box 28
Irbid 21710 Jordan

Ramtha Branch

Tel.: 02/7383706 Fax: 02/7381388 P.O. Box 7
Ramtha 21410 Jordan

Al Turrah Branch

Tel.: 02/7360011 Fax: 02/7360200 P.O. Box 9
Ramtha 21310 Jordan

Ajloun Branch
Tel.: 02/6420039 Fax: 02/6420841 P.O. Box 22
Ajlun 26810 Jordan

Kufranjah Branch
Tel.: 02/6454973 Fax: 02/6454053 P.O. Box 9
Ajlun 26873 Jordan

Jerash Branch
Tel.: 02/6351453 Fax: 02/6351433 P.O. Box 21
Jerash 26110 Jordan

Al Mafraq Branch
Tel.: 02/6233317 Fax: 02/6233316 P.O. Box 40
Mafraq 25110 Jordan

North Shunah Branch
Tel.: 02/6587177 Fax: 02/6587377 P.O. Box 48
North Shunah 28110 Jordan

North Azraq Branch
Tel.: 05/3834308 Fax: 05/3834307 P.O. Box 9
Azraq 41111 Jordan

South Jordan
Karak Branch
Tel.: 03/2351043 Fax: 03/2353451 P.O. Box 43
Karak 61110 Jordan

Ma'an Branch
Tel.: 03/2132090 Fax: 03/2131855 P.O. Box 24
Ma'an 71110 Jordan

Aqaba Branch
Tel.: 03/2013118 Fax: 03/2014733 P.O. Box 57
Aqaba 77110 Jordan

Exchange Offices
Jaber Border Office – Arrivals
Tel.: 02/6254074

Jaber Border Office – Departures
Tel.: 02/6254073

Ramtha Border – Travellers
Tel.: 02/7382425

Ruweished Office
Tel.: 02/6295320

Umari Office
Tel.: 05/3838014

Aqaba Port – Arrivals / Departures Office
Tel.: 03/2022702

Transit Office in Queen Alia International Airport
Tel.: 4451559 Fax: 4451156

Transit/Free Market Office in Queen Alia International Airport
Tel.: 4451574 Fax: 4451156

Sheikh Hussein Bridge – Departures/Arrivals Office
Tel.: 02/6550473

King Hussein Bridge – Arrivals Office
Tel.: 05/3581146 Fax: 05/3581147

King Hussein Bridge – Departures Office
Tel.: 05/3539138 Fax: 05/3581147

Palestine Branch Network
Regional Management
Tel.: 0097022952703/2 Fax: 0097022952705 P.O. Box 1328

Ramallah Branch
Tel.: 0097022958686 Fax: 0097022958684 P.O. Box 1829

Nablus Branch
Tel.: 0097092381120/5 Fax: 0097092381126 P.O. Box 107

Jenin Branch
Tel.: 0097042505403 Fax: 0097042505402 P.O. Box 183

Jenin Municipality Office
Tel.: 0097042505233 Fax: 0097042505231 P.O. Box 183

Qabatiya Branch
Tel.: 0097042512482 Fax: 0097042512483 P.O. Box 183

Gaza Branch
Tel.: 0097082865281 Fax: 0097082824341 P.O. Box 528

Al Naser Branch
Tel.: 0097082826628 Fax: 0097082826539 P.O. Box 528

Hebron Branch
Tel.: 0097022224351 Fax: 0097022224350 P.O. Box 494

Al Ram Branch
Tel.: 0097022343840 Fax: 0097022343842 P.O. Box 1328

Al Eizaryeh Branch
Tel.: 0097022790243 Fax: 0097022790245 P.O. Box 148

Industrial Area Branch / Ramallah
Tel.: 0097022963785 Fax: 0097022963788 P.O. Box 1484

Tulkarm Branch
Tel.: 0097092687882 Fax: 0097092687884 P.O. Box 18

Bethlehem Branch
Tel.: 0097022749938 Fax: 0097022749941 P.O. Box 207

Arraba Branch
Tel.: 0097042469443 Fax: 0097042469442 P.O. Box 183

Organizational Structure / Bank of Jordan

